

# HOUSES for the People

## Housing Crisis

How many people are facing the elementary lack of decent shelter? This most urgent question of housing is discussed here with brief but ample factual material. The pamphlet gives not only the needs of the people, but shows how they can be met; exposes the dangers of "rings" and of high interest charges; explains the role of Local Authority; discusses the possibilities of new methods; describes what houses for the people ought to contain and shows what conditions their price. The Tory Record exposed. Why Labour's policy of controls is the only way.

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OUR RESEARCH DEPT  
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## INTRODUCTION

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The country is facing the greatest housing crisis in its history. There is no need to labour this fact ; in every town and village in the country the need is urgent and becomes more so every day. And there is a growing uneasiness about what is going to happen when the lads come home.

Yet though the country is faced with a crisis it also has an opportunity such as may not occur again ; the opportunity of rebuilding on a scale and in a fashion which will make slums and shoddy houses a thing of the past, and transform the most grimy and hideous industrial towns into healthy and beautiful cities of which we can be proud.

The gigantic achievements of war production have shown what the nation is capable of. And provided the housing question is tackled with the same determination and in the same spirit there is no doubt that all obstacles can be swept aside and the need met in full.

Part of this pamphlet is devoted to an examination of the steps actually taken by the Government to deal with the situation. The main bulk of it, however, is concerned with an analysis of the existing organisation for building houses, and the part played by the contractors, the building material producers, the Building Societies and the local authorities—an analysis which leads inevitably to certain conclusions about what ought to be done in the future. For the convenience of the reader these conclusions are summarized at the end of the pamphlet.

It is fully recognised, however, that the main brunt of the rebuilding is going to fall on the building workers. This pamphlet does not attempt to deal with the worker's problem as such—to do so adequately would need a pamphlet at least half as long again. But it must be borne in mind that the struggle of the building unions to raise the workers' standards, to increase the terribly low wages, to maintain a guaranteed week and many other things, are part and parcel of the fight for better housing. And unless these questions are satisfactorily settled, the whole building programme will be jeopardized.

There is a further point to be made here. Everybody now admits that the gigantic feats of production which have been achieved during this war were only made possible as a result of the participation by the workers themselves in the management of the industry through joint production committees and in countless other ways. The same thing will apply in the post-war building programme. The value of Joint Progress Committees in building repair work has already been demonstrated. The building operative and technician will have to be consulted at every stage in the gigantic job ahead if the houses that we need are to become a reality.

# 1. THE NEEDS OF THE PEOPLE

## How many Houses are needed ?

There has been a housing shortage in Britain, sometimes acute and always present, ever since the Industrial Revolution. At the present time, when the direct effects of war have been experienced inside Britain for the first time, the situation has become more acute than ever.

Between the two wars the building industry was producing an average of 217,000 houses a year. In the seven years before the war a yearly average of 332,000 was reached. This was not sufficient to keep pace with the country's requirements. It has been estimated that, in 1939, on the basis of one dwelling per family, there was already a shortage of 900,000 to 1,000,000 houses (allowing for a necessary small reserve because, with a shifting population, houses are inevitably not all located exactly where needed). There were still 165,000 houses scheduled as slums to be replaced, and very many more should in fact have been condemned and replaced. (Indeed, in 1943 the Minister of Health estimated that "about 300,000 families are living in houses which have already been, or but for the war would have been, condemned as slums.") In addition, there were, in 1939, 258,792 families overcrowded according to official standards, and probably another half million so near the official standard as to be overcrowded on examination.

Since the war 200-250,000 houses have been destroyed by enemy action or sufficiently damaged to make them totally unfit for occupation. The number of separate families has increased by 800,000 and the number wanting houses for the first time will increase very much more with demobilisation. The almost complete cessation of normal building during the war has meant that about  $1\frac{1}{2}$  million houses which would normally have been provided during the five-year period have not been built. Finally there are huge arrears in normal maintenance and repair work, in addition to the stupendous programme of bomb damage repairs. With regard to the latter, there are probably more than a million houses which have still received only some form of first-aid repair—often very rudimentary.

There have been many estimates made of the number of houses required after the war. The Government estimate, and have declared their programme to consist of, 3 to 4 million houses in 10 to 12 years. Of these it is estimated that  $1\frac{1}{2}$  to  $2\frac{1}{2}$  million will be required to replace slum dwellings or "dwellings in a poor condition or grossly deficient in modern amenities" and  $1\frac{1}{2}$  million to eliminate overcrowding. (Minister of Health, 1.12.43). Mr. Arthur Greenwood has estimated that we shall need  $5\frac{1}{2}$  million on any reasonable standard and Mr. Lewis Silkin, one of the Labour Party's foremost housing experts, has recently declared that we shall need 7 to 8 million in 10 years.

The figures given by Mr. Silkin are confirmed by the analysis made by M. A. Abrams of the London School of Economics in "Agenda" (November 1943 and May 1944). He takes into account the likely number of families, after the war and in future years the fact that the number of families will drop. He also makes an estimate of the age of houses; he concludes that 4,000,000 houses were built before 1861, though this figure is higher than that of Sir E. D. Simon. The conclusions he reaches are that there will be immediately after the war a total demand for 13,385,000 dwellings; the total supply will not be more than 12,700,000, of which 4,200,000 require immediate clearance. He was of course writing before V1 and V2 operations. The deficiency, the replacement programme, of 7,875,000 houses which he indicated, must be now in the neighbourhood of at least 8,500,000 houses.

It is clear that the Government programme represents the absolute rockbottom minimum of needs, and the time suggested is undoubted leisurely. However many houses will ultimately be needed, at least 2 million houses are needed very urgently indeed. If these are not provided, present habitable areas will deteriorate into overcrowded slums, and the problem will become still greater in the future.

## **2. WHAT KIND OF HOUSES ARE NEEDED ?**

In addition to the sheer numbers required, there is an urgent need for improvement of the standard of houses. These can conveniently be considered under four headings.

### **(a) Spacing and Size**

First of all a balance must be struck between overcrowding at a high density of population on the one hand and waste of land on the other, leading to sprawling suburbs with limited social and cultural amenities and long journeys to work. The County of London Plan lays down a maximum density of 200 to the acre, shading off to 136 and to 100 farther out from the centre. These planning standards mean a high proportion of families in flats, which are alleged to be unpopular. However, this is probably due to experience of existing low-rented flats, which are far below the standard of what is now possible. For ordinary housing estates, the present average maximum density is 12 houses or about 50 persons per acre. Assuming that large numbers of flats are built, this maximum could be reduced for housing estates.

Closely associated with the problem of proper density of population is that of making available sufficient open space. The County of London Plan lays down a minimum standard of 4 acres of open space to 1,000 population (as compared with 6 acres in Westminster and 0.1 acres in Shoreditch). This reinforces the argument for more flats, which could be built to a much greater height if properly spaced out.



As regards internal standards, there ought to be a rapid raising of the present overcrowding standards laid down by the Ministry of Health, although the speed at which a higher standard can be obtained will obviously depend on the speed at which new houses are built. Present official standards are low: they allow two persons per room, with children under 10 counted as a half and babies not counted at all.

The average total superficial floor area of a working-class house before the war was about 800 square feet, and this ought to be raised to at least 900 or 950. The Dudley Committee has recommended 900 square feet for a 3-bedroomed, parlour type of house,\* but the Government have not yet accepted this new standard; in fact the houses used as illustrations in the Government's *Housing Manual* 1944† average 846 sq. feet, which is definitely too small.

Most bye-laws require living rooms to be 8ft. 6ins. high, and bedrooms 8ft., and these standards can be said to be satisfactory.

200 sq. ft. should be the minimum for the floor of the living room and *at least* 110 for the kitchen if used at all for eating meals. Indeed one of the main criticisms of visitors to the demonstration houses at Northolt was that kitchens this size were much too small. Incidentally, if the kitchen is used for eating, there should also be a small utility room for laundry, etc. Finally, there is another problem, closely related to adequate size, that of ventilation and sunlight. This depends partly on the number and size of windows, (usually required by bye-laws to be one-tenth of the floor area); on the position in relation to the sun and on the spacing of houses in relation to one another.

## (b) Constructional Standards

An inter-departmental committee, commonly called the Burt Committee, has laid it down that there are seven structural requirements that must be met in a well-built house.‡

These are: 1. Strength and stability. 2. Freedom from damp. 3. Thermal insulation. 4. Sound insulation. 5. Resistance to fire. 6. Durability and ease of maintenance. 7. Resistance to vermin. 1, 5 and 7 do not present a serious problem from the point of view of structure. Much needs to be done to secure improvements in the other requirements.

Resistance to damp penetration is largely a matter of careful construction and the provision of proper damp-proof courses at a correct level.

Good heat insulation pays for itself in fuel economy, and the very bad standards in most houses are to-day largely due to jerry-building, with costs lowered by skimping. External walls are too

\* Report of Design of Dwellings Sub-Committee of Central Housing Advisory Committee appointed by Minister of Health (H.M.S.O. 1/-).

† Issued by the Ministry of Health and Ministry of Works "for the guidance of local authorities and others concerned." (H.M.S.O. 2/-).

‡ *House Construction*, Post-War Building Studies No. 1. (H.M.S.O. 2/-).

thin and roofs should be twice as good as a properly tiled roof. Much can be done with traditional construction by additional linings, while newer methods of construction and new materials (which will be described later) offer better standards.

Again, present standards of sound insulation must be raised. The problem can be partly solved, especially in flats, by better internal planning, while, contrary to pre-war practice, standards must also be observed in party walls.

Here it should be pointed out that the careful standards for heat and sound insulation laid down by the Burt Committee have been completely ignored in the Government's *Housing Manual* which lays down minimum standards very little better than those which have been the rule hitherto.

The poor resistance to wear in modern houses is again largely due to shoddy construction, although better standards are to be expected from the newer materials.

### **(c) Fittings and Equipment**

In this field there is both an enormous need for, and enormous possibilities of, improvement. One of the greatest lessons of the now notorious Portal house is that really up-to-date internal equipment can be brought within the reach of everyone.

In the first place every dwelling ought to have water and electricity, and be connected to a sewer, and it is desirable that, wherever economically possible, there should be gas as well. There should be heating in every room, either directly or indirectly (e.g. the ducts carrying warmed air to the bedrooms in the Portal house), and constant hot water. Rapid development of district heating, which is both economical and reduces the pollution of the atmosphere, should be planned for. The system has been developed in the U.S.A. where as many as 40,000 people can be supplied from a single boiler plant (c.f. Report Ministry of Works Mission on Methods of Building in the U.S.A. p.6.)

Next there should be an improvement in sanitary fittings. The bathroom should be on the first floor, with a separate W.C., and a second one on the ground floor wherever possible. Every bathroom should have a lavatory basin and a parallel-sided bath with flush front panel should be made the standard. All water pipes should be protected against frost—this is largely a matter of layout. Sanitary fittings should be grouped to save in the initial cost and plumbing maintenance, without sacrificing convenience. The plumbing lay-out in most houses to-day is deplorable from the point of view of efficiency, accessibility, and capability of being cleaned.

There are innumerable items which may be grouped under the general heading "labour-saving devices." Tiled bathrooms, jointless floors with covered skirtings, well sited and ventilated larders, refrigerators, well designed cooking stoves (also very important from the point of view of fuel economy), plenty of electric points,

standardised and properly placed electrical fittings, avoidance of dust-traps, more cupboards and shelves. More built-in furniture, electric washing machines which also heat the water, clothes-drying and airing facilities, pram and storage (including fuel storage) space, should be provided as a matter of course in all modern dwellings. Mass production has made all these easily possible at a low price. Every dwelling with more than three storeys should have a lift, which can be passenger operated.

Finally, much more attention ought to be paid to the quality of finishes, where economy is usually false economy. Much can be done by using more paint, while light metals, alloys and plastics offer possibilities of better standards in this direction.

#### **(d) Standards of appearance**

The standard of appearance of modern low and medium-priced (and often of expensive) buildings is notoriously low. Instead of the drab uniformity and ugliness of late Victorian tenements, there is the housing estate put up by the speculative builder of the thirties, full of "individual" lines and angles, and violently clashing colours. The work of the local authorities, some of which is illustrated in the *Housing Manual*, is usually considerably better. The remedy lies first in bringing into the preparation of housing plans at all stages good architects, of whom there are plenty, many of them only employed at present by the rich. Indeed every local authority should employ a qualified architect. In addition, in large-scale housing projects and in fact in all important building work, the public should have an opportunity of expressing their views and of hearing the designer explain thoroughly the proposed plan.

### **3. THE TORY RECORD AND THE BACKGROUND TO THE PRESENT HOUSING SHORTAGE**

It has already been shown how war damage, and the cessation of house building during the war, especially the latter, have contributed greatly to the present desperate housing position. But the roots of the problem go much deeper.

The essence of the problem lies in the awful consequences for housing of 150 years of capitalism, and more particularly in the record of the Tories between wars. In the words of Engels in 1872, the

housing shortage is the peculiar intensification of the bad housing conditions of the workers as the result of the sudden rush of population to the big towns; a colossal increase in rents, a still further aggravation of overcrowding in the individual houses, and, for some, the impossibility of finding a place to live in at all. (*The Housing Question*. p.21.)

These basic conditions, a growing population, a continual movement from country to town, an increase of rents and a failure



of capitalism, because it found it unprofitable, to provide houses for the workers adequate in quantity and quality, all these conditions continued. Of course the growing power of the workers and the support they obtained in this matter from wide sections of the country led to various efforts to mitigate the difficulties, but these efforts were too often frustrated by capitalist interests.

The keynote after the last war was the assumption by a Government committee, the Tudor Walters Committee, in 1918 (although in many respects it was a progressive body) that the total number of houses which local authorities would build would not exceed 200,000. In fact they built well over a million (representing just under two thirds of all working-class houses), while private enterprise built about three million in that period. As Mr. G. D. H. Cole puts it :

The history of post-war housing thus reveals itself as a struggle by private enterprise, usually with the aid and encouragement of the Government in power, to re-establish its lost predominance in house-building. Except during the two periods when Labour has been in office, it has been the definite aim of the Government to get the largest possible share in house-building taken by private enterprise on a profit-making basis. (*The Condition of Britain*, 1936, p. 146).

The twenty years between the wars can conveniently be considered in three periods. In the first period from 1919-23 there was a desperate housing shortage against a background of very high prices, particularly of building materials controlled by rings and monopolies, and high interest rates. It was unprofitable for private enterprise to build small working-class houses, and the Addison scheme was launched under the Act of 1919 on the basis of a fixed contribution per house to local authorities, the Government bearing the whole of the residuary loss, which step accounts for nearly half the total housing subsidy paid to-day. Even despite this, the 150,000 houses built by local authorities in this period were paid for to the extent of one third from local rates, and their rents were and have remained high.

In the second period, from 1923-33, local authorities made real progress despite many difficulties and built over half a million houses. At the beginning of the period an attempt was made to restore the situation for private enterprise, which however failed to respond. In 1923 the Chamberlain scheme was started, giving subsidies to private builders and a fixed subsidy to local authorities. The amount of the subsidy in each case was £6 per house per annum for 20 years for houses completed by 1927. However

the prime object of the Housing Act of 1923 was to set the speculative builder to work to provide small houses for sale or letting . . . it was expected that most houses built under the Act would be built for sale, and this was, in fact, what happened. (*Ministry of Health Committee on Private Enterprise Housing*, p. 8).

In the following year, 1924, the Wheatley Act of the Labour Government marked a real advance. Although partly sabotaged in Parliament it offered special subsidies to local authorities at a higher rate (£9 a year per house for 40 years in non-agricultural

areas and £12 10s. in agricultural areas) provided they built houses to rent and not to sell and that the benefit of the extra subsidy was passed on to the tenant in reduced rents. This condition made the same subsidy payable to private enterprise unattractive and there was a lot of criticism about "unfair competition." The efforts of local authorities to take advantage of the Act were cut short however when the Labour Government fell and in 1927 the Act was revised by the Conservative Government and the subsidies considerably reduced. The Act was finally repealed when the National Government took office in 1931. The other progressive event during this period was the Greenwood Act of 1930, which provided an annual subsidy *per person displaced* of 45s. in town and 50s. in rural areas and which was the first real attempt at large-scale slum clearance and re-housing. Its effects were, however, largely nullified by the fall of the second Labour Government shortly after and the administration of the Act by the National Government and by Conservative local authorities where they were in power.

In the third period from 1933 until the war the decks were cleared for the speculative builder and the financier. The Housing Act of 1933 ended both the Chamberlain and Wheatley subsidies (which had continued at reduced rates), except for certain subsidies for schemes already in progress. In 1935 a new Housing Act re-introduced quite inadequate subsidies for local authorities in respect of abatement of overcrowding, and finally in 1938 the slum-clearance subsidy under the Greenwood Act was reduced to £5 10s. per house per year for 40 years and the same subsidy made available for overcrowding.

The reduction of subsidies to the minimum on the one hand, and the deliberate fostering of the building societies by "cheap money" and unlimited bank advances on the other, were twin facets of a policy designed to foster a new class of tenant, the "owner-occupier." Houses to rent became virtually unobtainable, and the new "property owners" found themselves in hideous sprawling estates on the outskirts of towns, and faced with a growing burden of repairs and maintenance, which they had little expected in what frequently turned out to be shoddy houses. Private enterprise built two and a half million houses in this period and set a new all-time "low" in housing standards. At Feltham and Hayes, for example, the local authorities condemned some of the houses two years after they had been built, and the builders concerned were forced to make them fit to live in.

Despite this much boosted boom in private-enterprise housing, the needs of the working class were not met—in fact, only 4 out of every 10 houses built after 1918 were within the means of working class families. The local authorities were confined to the needs of the lower-income classes which could not provide a profitable market for the private builder. Yet such local-authority houses as were built were of much better standard in every way, and showed what can be done given proper encouragement.

## 4. THE EXISTING ORGANISATION FOR BUILDING HOUSES

The amorphous groups of industries, parts of industries, and professional organisations which make up what is known as the building industry, show capitalism at its most anarchic and backward. There are three distinct groups to consider : first the planners and designers, including the building owner or local authority and the architect ; second the building contractor or erector ; and third the firms engaged in the manufacture and distribution of building materials, components and fittings.

The stages in a building scheme are usually as follows : in the first place the building owner or local authority, with or without an architect, and the draughtsmen work out a scheme. Then the quantity surveyor works out what is needed in terms of materials and fittings, an estimate of cost is got out and tenders are obtained. At the next stage the actual building contractor selected starts work. He may or may not be an established firm, but it is quite likely that he will have little more than an office, will borrow finance on the strength of the contract, will hire his plant (the owning of contractors' plant for hire is a specialised business) and will operate with labour engaged by the day or even by the hour. (15% of the labour force of the industry was unemployed even in "good times.") Materials and fittings will, of course, be obtained from "group three" described above and a part, perhaps a large part, of the work will be sub-contracted. In the whole process there is a continual struggle going on between all parties involved, leading to delay, duplication of effort and increase in cost.

There has been a failure to define responsibilities, to prevent overlapping of functions and to co-ordinate specialised activities . . . the work itself suffers, inefficiency and waste creep in, and the high standards of particular specialist groups may be undermined by the low standards of others. (*P.E.P. Broadsheet No. 183, 1941, p. 4.*)

### (a) Building Contractors

At the outbreak of war the general contracting side of the industry covered over 100,000 firms catering for an extremely varied building demand, ranging in size from large contractors engaged in enormous civil engineering projects, to the small jobbing builders primarily engaged on repairs and minor extensions to existing property. The industry was highly competitive but, in the absence of reliable methods of assessing the comparative efficiency of work undertaken, the competitive system frequently operated imperfectly and although the achievements of the industry were remarkable, they were often realised at an unnecessarily high cost in terms of labour and materials . . . the character of tendering systems and the small amount of capital needed made it possible for successive waves of poorly qualified persons to set themselves up as building contractors and to blaze a trail of shoddy workmanship, bad debts and ill-feeling before their ranks were thinned by bankruptcy. (*Ibid* p. 3.)

The *London and Cambridge Economic Service* (No. 49, p.15) stresses the industry's backward technique and organisation and states that the real costs of building have fallen by less than 20% compared with 1850.

Of the 100,000 firms existing before the war "jobbing builders and small building contractors represented 80 per cent. of the building assembly and erection industry" (P.E.P. *op.cit.* p.12). Mr. I Bowen, using for data the Census of Production, estimates (*Review of Economic Studies*, February and June, 1939) that the number of firms employing less than 10 men increased from 40,000 in 1930 to 59,000 in 1935, and the average size of these (3 - 4 men per firm) did not increase between the two periods.

The number of very large building firms in London has remained relatively constant throughout the building boom . . . there was an upward tendency in the size of the big public companies in the building trades ; but on the other hand the increase in the rate of growth was very much marked in the case of private—and probably more medium sized—concerns. (*Ibid.* p. 205.)

Since the war, large numbers of the smallest firms have been driven out of the industry. This has been due to the policy of the Government departments which have placed the bulk of their contracts for aerodromes etc. with the large firms, while the medium sized firms obtained the lion's share of war-damage repairs. Thus 18,000 firms employing less than 20 operatives went out of business between mid-1941 and October 1943 and, though there are no figures to prove it, this tendency probably continued until mid-1944, when the switch of all available firms to bomb-damage repairs has almost certainly resulted in some small firms starting up again.

Even so, in October 1943 there were still 23,000 employing no-one but the proprietor. The figures were at that time as follows :

October 1943.

<i>No. of Workers employed per firm.</i>	<i>No. of firms</i>	<i>Numbers employed.</i>
None	23,252	—
1 — 19	36,925	155,700
20 — 99	3,402	132,400
100 — 499	514	95,600
500 — 999	51	36,700
1000 — 4999	36	67,400
5000 and over	3	24,700

One of the most significant facts about the industry as it existed before the war was that it was not pre-eminently interested in housebuilding. "Housing activity, however, is not of primary importance to the representative building contractor" (*Building Industry National Council Report* 1935). It is of course a commonplace that the bigger builders are far more interested in offices, industrial buildings, public buildings and luxury flats. The housing boom of the thirties was a "special case," where the building societies, with, as has already been seen, the deliberate assistance of the Government, operated for the middle and lower-middle-class market until they had almost played it out. Even within this basically limited market, houses were to a very considerable extent provided by the smaller builders. According to Mr. Bowen (*op.cit.* p.159 and pp.202-3), of the £130—£140,000,000 which represented the value of housing output in 1935, about £59 million (out of £109



million on new construction of all kinds) was from large firms, and about £72 million ("most of the . . . output") from small firms. It is clear from this that the contribution from large firms was important, but that the real brunt was borne by firms with lower productivity, while a large amount of the energies of the better equipped firms went into forms of construction much less vital to the people.

### **Employers Organisations**

Some efforts were of course made to organise an industry where organisation was conspicuously lacking, even from the point of view of the employers. The main employers' federation, the National Federation of Building Trade Employers, numbers no more than 8,000 members, though the rival to this organisation, the Federation of Master Builders, Limited, which claims to represent the interests of small builders (including "middle-size" provincial contractors who dominate their locality) numbers over 3,000. There are also about 600 members of the Federation of Civil Engineering Contractors. It was not until the thirties that something more ambitious was started in the shape of the Building Industries' National Council which was an attempt to provide "one voice" for building employers, workers, professional people associated with the industry and material producers, and to co-ordinate research and common action on major problems. The Council, although it has gradually become more comprehensive, does not appear to wield the influence it expected with either the industry or the Government. There has been one attempt to fix minimum prices for actual building work in the shape of the London Builders' Conference, and although this body proved largely abortive, it illustrates a change which may easily appear again in this field. The objects of this body were stated to be the avoidance of "bankruptcy" prices due to reckless tendering, with its consequent bad workmanship. In 1938 the body approached the then Office of Works and asked to be recognised, but, after full investigation, its request was turned down.

The claim presented by the Builders' Conference that their methods avoided the evils of 'bankruptcy' prices and so contributed to securing fair prices and good work was weak. Their procedure did in fact raise the price against the building owner, but allocated the order to the builder who originally quoted the lowest price and made no attempt to increase the price of that builder to a level at which good workmanship could reasonably be expected. In other words, the owner paid the price for a good job, but the builder received the price which he originally quoted. Under these conditions raising the price would, in our view, have no effect on the quality of work. (Report by the Central Council of the Ministry of Works on *Placing and Management of Building Contracts*. Simon Committee, H.M.S.O., 1/-.)

### **The Lessons of Wartime Controls**

It was not until the war that there was any serious planning of the industry. The most important thing has been the classification and control of the labour in the industry, based on the Essential



Works Order, and the amazing willingness of workers in the industry to go all over the country and work frequently in most difficult conditions. The labour in the industry has been terribly depleted, and the average age in the industry has become steadily greater, but nevertheless the output per worker has on the whole been maintained or even increased. The second important feature has been the complete registration of all firms in the industry by the Ministry of Works and the institution of regular and comprehensive compulsory statistical returns covering all phases of activity. In the third place there has been control of the allocation and prices (the latter admittedly in varying degrees) of building materials. In the fourth place there has been, by means of the powers just described, a real building programme based on the needs of the forces and war production, essential civilian industry and services, and the restriction of civil building by licence. In the coming period when building will be the most important activity in the country, arrangements for control of the activities and methods of building contractors will have to be improved and pushed further.

The contractors should all be registered with the Ministry of Works as at present, with free access to the register for local authorities. There must be full information from contractors as to their assets, source of financial backing, their plant, their experience and their record.

The big and well equipped contractors must be drawn into the housing programme, and smaller contractors should be grouped under a leading contractor, without having to submerge their independent existence. This means that plant and equipment can be shared between them and resources pooled in general.

The system of "lowest tendering" leading to degradation of standards and the very negation of programme planning should be abolished and also the "cost plus" contract. Contracts should be controlled by local authorities on a fixed-price basis, itemised and based on a bill of quantities or a schedule of prices.

In addition to all that, a very thorough system of inspection must be introduced at all stages.

## **(b) Building Materials**

By far the most important fact about the materials used traditionally in building is that nearly all of them—steel, brick, cement, concrete, slates, stone, plasterboard, etc.—are available locally in potentially unlimited quantities. Timber, asbestos and the raw materials for making paper have to be imported, but in normal times this presents no difficulty, as they are plentiful in their countries of origin. Nevertheless, many of these raw materials have been short at different times and most of them are too expensive, because in this field monopolies and trade associations have a very large say.

The latest comprehensive figures covering the production and import of the most important building materials are obtainable from the Report on the Import Duties Act Inquiry (1934.).

			<i>Production</i>	<i>Imports</i>	<i>Share of home market held by British goods.</i>
Timber—					
Sawn soft woods					
(th. loads) ...	...	672	6,200		
Planed or dressed woods					
(th. loads) ...	...	919	1,000		
Wallpaper : paper hangings*					
(th. cwts.) ...	...	1,055	35	96.5	
Wallboard					
(th. tons) ...	...	8.3	19.1	29	
Brick and Fireclay—					
Building Bricks (mn)	...	6,700	355	95	
Drain Pipes etc. (th. tons)	...	574	nil	100	
Sanitary Ware (th. tons)	...	80	1	99	
Cement (th. tons) ...	...	5,600	71	98.6	
Gypsum (th. tons) ...	...	246	10	95.8	
Aluminium alloys—					
Crude th. tons ...	...	33	14		
Plates etc. (th. tons) ...	...	16	3		
Glass†—no particulars.					

\* Principal material used—plain paper—imports of this are considerable and are bound up with timber position.

† Materials used for production of glass are sand, limestone and potash.

In the same year (1934) the following numbers were employed on raw materials production :—

Brick and Fine clay	84,500	214£	net	per	person	employed
China and earthenware	65 500	135£	..	..	..	..
Cement	10,000	453£	..	..	..	..
Wallpaper	5,700	349£	..	..	..	..
Building materials	26,600	239£	..	..	..	..
(Stone and slate, masonry						
kerb, mosaic, plaster, arti-						
ficial stone, asphalt,						
bitumen, clinker, tar, etc.)						
Glass*	43,500	228£	..	..	..	..
Timber	34,300	183£	..	..	..	..

\* This includes bottles ; information about plate glass only is not given as this would give information about a single firm. (Pilkingtons, see Appendix).

The total number employed in this group of trades was 328,000; this was of course before the peak year.

The Ministry of Labour gives the following figures for those employed in 1939 :

Artificial stone, concrete	.....	...	...	31,300
Cement	...	...	...	18,000
Brick, tile, pipe making	...	...	...	100,500
Glass (not bottles)	...	...	...	31,400
Paint etc.	...	...	...	25,100
Wallpaper making	...	...	...	7,600
Saw-milling and machined woodwork	...	...	...	67,000
Pottery, earthenware	...	...	...	73,200
Heating and ventilating apparatus	...	...	...	22,000
Furniture making	...	...	...	145,000

Stove, grate, pipe and general iron founding	...	97,400
Electrical wiring and contracting	...	42,800
Electrical cable, apparatus, lamps etc.	... ..	185,300
		<hr/>
		846,600
		<hr/>

The last three categories include, of course, capital goods ; the figures are not broken down to enable an analysis to be made for the numbers necessary to produce essential domestic goods.

## Rings and Monopolies

A quarter of a century ago when the country faced a similar though less severe crisis in housing, a storm blew up over the cost of building materials. Prices of light castings had risen to 417 (1914=100) by May 1921, of bricks to 278, of cement to 236, of slates to 313, of timber to 266.

A sub-committee of the Government Committee on Trusts was set up to investigate the matter, and its report exposed in detail the activities of the rings and trade associations in this field.

For example, in the case of cement, the companies comprised in the Cement Makers' Federation (formed in 1918) controlled 90 per cent. of the country's production. It was found that the federation in conjunction with the Builders' Merchants' Alliance Ltd., issued minimum retail price lists in the London area—a condition of membership of the Alliance being that their minimum prices be maintained. To obtain the most favourable terms the merchant had to bind himself to trade exclusively with Federation members. When deciding to raise prices, the Federation did not review the whole costs of production but merely added on the increment in the cost to the price.

In the case of mortar, the committee found that the Greystone Lime Burners' Association Ltd. controlled practically the whole of the production of greystone lime, and exerted a controlling influence over prices at all stages. There was an exclusive trading agreement with the merchants' associations, the effect of which was to put any producer outside the association at a disadvantage. Here again minimum retail prices had been fixed in conjunction with the merchants.

The committee reported at length on the light castings industry (a special branch of the iron foundry industry covering grates, stoves, mantels, rainwater pipes, baths etc.), and of the effects of the combine, National Light Castings Association, representing 95 per cent. of the output of rough castings. They found that the benefits in research, in standardisation and in new methods of manufacture that the Association had conferred on the industry did not adequately balance its restrictive influence. The committee concluded that "the powers of an association which wields such monopolistic control over an industry, are so open to abuse as to make it a menace to the community."

Nothing was done as a result of the committee's report except that an inter-departmental committee was appointed to survey the prices of building materials. This made several reports during 1923 and 1924 but only of the amounts charged. It was not a cost investigating committee.

The Minister of Health in the 1924 Labour Government, John Wheatley, introduced a bill\* which was intended to prevent profiteering in house-building materials. It provided that if the Minister of Health represented to the Board of Trade that excessive prices were being charged for any article used for working-class housing, the Board might hold an enquiry, "The Board shall have power to investigate prices, conditions of supply and profits at all stages." If the charges imposed appeared unreasonably high it could issue orders fixing the price and prohibiting the imposition of conditions of supply. Orders were to be obeyed, irrespective of any trade agreements etc., to the contrary upon pain of £100 fine or three months imprisonment or both. If the Minister of Health after consultation with the Board of Trade thought that stocks of material were being held up, he might with the agreement of Parliament issue an order taking over the stocks of any firm or even a firm's business until that firm had been brought to reason. Persons directly injured by an Order would be entitled to receive compensation under certain restrictions.

This bill was killed when the Labour Government fell. So the material rings escaped.

### Recent Developments

The developments since that date are described in the official report *Placing and Management of Building Contracts*†:

One of the factors that may have an important influence in increasing costs is the formation of associations or rings of producers, the number and strength of which increased substantially throughout British industry during the inter-war years. Reports published in 1919 by the Committee on Trusts (Cmd. 9236) showed the wide extent of price fixing associations in building materials at that time. We have no evidence of the increase of trade associations among firms supplying material to the building industry since that date, but there can be little doubt that the general tendency in that direction during the last twenty years has led to more and stronger forms of combination in this, as in other fields. We must also refer to associations of specialist sub-contractors which cover many of the building processes. While we have no evidence of the extent to which associations in this field limit competition and fix costs to the builder, it is well known that these things are done; for instance, in the manufacture, delivery to site and erection of structural steel, competition is almost entirely eliminated.

It will be noted that the cement ring is not mentioned, nor the steel ring, nor the "associations" of house equipment firms. However, the committee calls for registration and full disclosure.

\* Building materials (Charges and Supply) Bill. This accompanied the Housing (Financial Provisions) Bill.

† Report of the Central Council for Works and Buildings under the chairmanship of Sir Ernest Simon. (H.M.S.O. 1/-, 1944).



On May 15th, Mr. Molson, M.P., quoted in the House of Commons a letter he had received from Sir George Burt, head of Mowlem's contracting firm, and chairman of the Burt Committee, as follows :

I do not know of a material used in housing of which the selling price of manufacture is not controlled by a combine, ring or other selling arrangement and generally speaking its distribution as well. My personal view is that in too many cases the selling price has no proper relation to production. If there are not too big profits, then there are too many.

Recently, efforts have been made to tighten up the organisation of this cartellised but sub-divided industry.

The National Council of Building Material Producers already consists of many important Associations,—in the autumn of 1943, 44 Associations were members. The organisations cover those in bricks, clay, ballast, sand, asbestos, etc., ferrous metals, non-ferrous metals, glass, paint, wallpaper, etc., timber, electrical industry, plastics, and indeed all sections in the trade. The Light Castings Association, however, is not named.

The Council was able to boast in a report towards the end of 1943 that "in recent months B.M.P.'s relationship with the Ministry of Works had developed significantly."

A feature of the B.M.P. (according to this report) is that Sir Malcolm Stewart is President ; he is Vice-President of the F.B.I., and President of the Cement Makers' Federation, and is Chairman of Associated Portland Cement Manufacturers Ltd., etc. The Vice-Presidents are Sir William J. Larke, who is a director of the Iron and Steel Federation, and W. H. Pilkington, a managing director of Pilkington Bros. Ltd. (glass combine). The Chairman of the Executive Committee is H. J. C. Johnstone (National Federation of Clay Industries, Leeds Fireclay Co. Ltd). Apart from this we find represented in the membership the Electrical ring B.E.A.M.A., the Cable Makers' Federation of the U.K., etc.

This effort on the part of the really big boys to muscle in on the building material business indicates that the huge markets opening up are not to be left to the price-fixing federations of the smaller fry, as after the last war.

Meanwhile, efforts to cartellise the industry, bringing in all the ancillary trades and material producers, proceeds. Mr. Wallis, who was then President of the Building Industries National Council and whose firm was responsible for so many handsome memorials to the fallen of the last war, in a speech made in his time of office "expressed the hope that we should get what is tantamount to a Confederation of the Building Industry, where everybody with an interest in building was co-operating." As President, he welcomed the Ancillary Services Group, formed recently ; although the only people present appear to have been representatives of the British Electrical Development Association, National Gas Council, National Association of Lift Makers (with observers from the Telephone Development Association). (*Builder*, March 17th).



The B.I.N.C. appointed (after its autumn conference) Sir William Larke (of the Building Material Producers' Council and the Iron and Steel ring) to review the "policy and principles" of this body, with a view to strengthening it. (*National Builder*, October 1943).

### What has happened to Prices ?

What was the effect of the rings on prices in the inter-war years?

Building material costs did not suffer as drastically as other prices during the slump. They dropped from the very high level of the immediate post (last) war years, but, as most were produced under conditions of price control from home produced materials, the reins were kept tight.

A comparison of the Board of Trade indices shows the relative steadiness of the building material prices.

			<i>Building Materials</i>	<i>Wholesale Prices</i>	<i>Building Cost per ft. super.</i>
1930	...	...	100	106.94	9/0 $\frac{1}{4}$
1931	...	...	96.4	89.85	8/9
1932	...	...	94.5	88.85	8/2
1933	...	...	92.5	83.88	8/0 $\frac{1}{4}$
1934	...	...	92.6	89.88	8/1
1935	...	...	93.8	88.91	7/10 $\frac{1}{2}$
1936	...	...	96.7	92.99	8/5
1937	...	...	104.2	105.111	9/4 $\frac{1}{2}$
1938	...	...	104.1	106.99	9/2
1939	...	...	104.8	97	9/6
1944	...	...	153.3	166.2	—

In 1939, the cost of living was at  $\frac{3}{4}$ % above 1930 level, though the rent index rose by 9% in the same period. Interest rates fell by about 1 $\frac{1}{2}$ % (to house owners); but building costs rose.

The remarkable stability of building material prices in the pre-war years has to be taken in comparison with the expansion of building activity: new houses completed per head in 1938 rose by about 50% over 1930.\* No figures exist showing the expanded sales of building materials firms. But the rise of 5% in prices during the period 1936-39 (and of 12% over the lowest level in 1933) is less modest than it appears to be at first sight.

The fact is that from a social point of view prices should have fallen. A big new market which lowered the prime cost per unit should have been reflected in a lower cost. Had completely competitive conditions existed this would have been the tendency—over a series of years anyhow. First, prices would have risen because of short supply, then the new capital would have come in, production would have increased and then prices would have come down. (Not a commendable practice but one which is preferable to the hidden blackmail of monopolies.) Instead of that, the monopolies and price rings were able to secure the benefit of a protected rising market by securing a rising price per unit sold, though the units sold were increasing in number. These gently

\* Plans approved 1938-39 showed an increase of 70%.

rising indices indicate in reality a steadily increasing high profit margin (starting from a big profit margin which was the heritage of the post (last) war price ramp).

Now high profit margins do not necessarily mean a high rate of dividend. There may be wasteful methods of production and salesmanship, a chaotic number of small runs, criss-cross distribution, the maintenance of a fringe of inefficient members of trade associations, sudden outbursts of price wars, sheer stupidity in anticipation of orders ; and, most common cause of all, over-capitalisation.

But however the money taken from the householder is frittered away, the extra profit incurred is a social loss. And after the war, it is likely to be an even larger social loss.

To sum up, in the post-war building programme the whole question of building materials will have to be thoroughly dealt with. The problem of bringing down prices is discussed in the next section on costs. But here it should be pointed out that a comprehensive enquiry into the activities of the rings and monopolies in the industry is long overdue and must in fact precede any serious measures.\*

### **(c) Building Societies**

As we saw in the section on how the present shortage arose, 3 out of the 4 million new houses provided in the inter-war period were built by private enterprise. The great majority of these houses were built for sale through the agency of the Building Societies.

These are now no longer in the main, as they were originally, co-operative concerns by which small men could purchase their own houses. They have increasingly become money lenders. Mr. Justice Bennett has been quoted as saying :—

As for Building Societies, although they might be regarded as the props and pillars of England, every transaction with a Building Society which I have had to investigate makes me shudder. (Head of the Chancery Division in the High Court.)

The Societies do not appear, openly at least, to be financially interested in contractors nor in supplies of building materials. However, certain contractors and small builders were financed by them (and in their grip, often escaping with a small profit) though a few big contractors were able to be independent. Since the war, of course, the bulk of contractors' finance has been Government (and local authority) advances.

The Societies' main function, however, has been to lend money to anybody who wished to become the owner of his house. The money so lent plus interest had to be paid back by the "owner-occupier" in weekly or monthly instalments over a period, perhaps twenty years.

\* See Appendix A.

The main boom in Building Societies' activities took place in the thirties, and was engineered by the Tories as part of a plan to get British capitalism out of an economic crisis and provide work.

The Government introduced cheap money at the centre and in a period of control of capital allowed the Building Societies their head. But the Building Societies charged high. They were an expensive way out. When the average yield on consols (long-term rate) was 3.3% 1932-38 and the average rate of discount of 3-months bills was 0.8%, Building Societies were charging 6% (1932) to 4½% (1935 seq.).

*Rates of Interest on Loans.*

		<i>Long-term</i>		<i>Short-term</i>	<i>Building Societies.</i>
1919-21	...	5.1	...	5.1	... 5½-7
1922-31	...	4.5	...	3.8	... 5½-6
1932-38	...	3.3	...	0.8	... 6 -4½
1939-43	...	3.1	...	1.0	... 4½-4

Already before the war, the market for such houses was nearing saturation, and the number of new prospective "owner-occupiers" falling. The following figures indicate the curve.

		<i>Advances by Building Societies</i>		<i>Private Enterprise houses completed</i>
		£mn.		'000
1931	...	90	...	132
1932	...	82	...	133
1933	...	103	...	169
1934	...	124	...	260
1935	...	131	...	275 (peak)
1936	...	140 (peak)	...	275 (peak)
1937	...	137	...	265
1938	...	137	...	252
1939	...	94	...	n.a.

On the one hand, increasing numbers of owner-occupiers found it difficult to keep up payments on what frequently turned out to be a bad bargain. On the other hand, in spite of the shortage of working-class houses, the bulk of the workers could not afford to become "owner-occupiers" at the prices demanded. The Building Society movement was in fact providing no solution to the housing problem, and was going into decline.

The Building Societies, like the Industrial Assurance Societies, which in many respects they resemble, are not closely connected directorally with the financial centre nor with the powerful capitalist groups, nor do they invest in industry and speculation like the Prudential, Pearl, etc. In fact, the Insurance Societies work with the speculative contractors and Building Societies.

Take the leading companies :

*Halifax* has one co-director each with Barclays, National Provincial and Martins, one valuer, one stockbroker (Huddersfield), one underwriter at Lloyds, one valuer and estate agent, one is on various estates (Ealing Tenants, Netheredge Estate), one local newspaper owner, a director of Illingworth Morris ; the leading man is Lord

Riverdale of Arthur Balfour, Alliance Assurance, High Speed Alloys, Telegraph Construction, and National Provincial.

*Abbey.* Sir Harold Bellman, Chairman is on Alliance Assurance, Legal and General; Geoffrey Shakespeare, M.P. is on Associated Portland Cement Manufacturers, etc.; Arthur Collins is on General Contract Co., Nash Estates, etc.

*Leeds Permanent* has Geoffrey Kitson, who is on Electrical Distribution of Yorkshire and York Gas, L.N.E.R., etc. and a co-director with F. Pullar & Sons Ltd.;

*Woolwich Equitable* has co-directors with Legal and General.

*Leicester Permanent* has an Enka director (with other Rayon interests) and a director of a Granite company; there are a few other directors with unimportant "other interests."

The Building Societies are, however, cloaked with many fine names in their Building Societies Associations; on the National Organisation, for instance, we find a host of Lords, Sankey, Astor, Cecil, Derby, Dudley, Kennet, Elton, Mottistone, Samuel also Sir Ernest Benn etc., etc., and on district associations such men as Lord Bethell, Mr. Anthony Eden, Sir Patrick Hannon, Sir Francis Joseph, Lord Harewood, Lord Halifax. They thus have a safe social cachet.

They have a basis among the people—mostly middle-class, salaried groups. There were 2 million share investors,  $\frac{3}{4}$  million depositors and nearly  $1\frac{1}{2}$  million borrowers for all societies in 1942.

The banks invested in them heavily before the war in slump years but are, of course, jealous of them as rival depositors of funds.

There are two particular features about the Societies at the present time.

Firstly, a tendency towards concentration on the top—and a host of small and often ineffective societies at the bottom. There are at present 931 societies with total assets of £753 millions. Two societies (Halifax and Abbey-National) control 28% of these assets. The top dozen control 53%. The 22 with assets of over £5 millions apiece controlled 63%. There are 144 societies with assets of over £500,000 each.

Secondly, the societies are bursting with investment money. Whereas before the war they were advancing up to £140 millions a year they are now advancing hardly a tenth of that amount. Mortgage assets outstanding are (1942) £608 millions compared with £705 millions in 1939. Total investments are £109 million (£72 million in 1941).

These facts guide their policy in regard to post-war plans. They are prepared to adopt new methods—if only their cash can find an outlet! Mc Kinnell, when Chairman of the Building Societies' Association, stated two years ago:—

Building Societies are prepared to advance substantial sums on the building of houses for letting when house building is resumed.



Sir Harold Bellman of the Abbey Road, two years ago, also said that the housing programme was "beyond the State's capacity to produce" but

Unless the Government gives facilities for private enterprise to supply the people's need for houses it will fail abjectly in its duty and in its mission. (*Daily Telegraph*, 17.9.43.)

R. Bruce Wycherley, Chairman of the Council of the Building Societies' Association in a new-year message says of Building Societies,

They are in a very liquid position and should in the aggregate be able to provide funds at the rate of some £150 millions per annum to assist post-war housing. Some will doubtless be employed to assist the provision of houses to let and some will undoubtedly be advanced to assist people to buy their houses. (*Stock Exchange Gazette*, 6.1.45).

The plans of the building societies are evidently being looked on with favour by the Government. On March 2nd, when discussing the future housing programme, Mr. Willink said: "We intend to bring in private enterprise as soon as possible because we realise many men coming back will want to own their own home."

But after the object lesson of the inter-war years, it can be stated categorically that the public will not be satisfied if Building Societies are allowed to go their own sweet way once more. There is no reason to discourage organisations set up to facilitate the buying of houses by those occupiers who wish to do so. But the continued existence of such organisations is only justified if they lend money to the prospective occupier at the same rate as that which local authorities can lend on the basis of their present arrangements with the Treasury. Furthermore, all housing done by private enterprise will have to be strictly controlled in regard to planning and standards by the local authority for the area. If the Building Societies are seriously intending to finance houses for letting—which, presumably means setting up as direct landlords—these controls will be equally necessary.

#### **(d) The part played by Local Authorities**

Over a million houses were provided in England and Wales by local authorities between the wars,—a truly magnificent achievement, under the circumstances. As already shown, this great number was built in spite of every sort of obstacle, especially in the period immediately before this war.

The local authorities' activities have all along been cramped by the official conception that their work should be confined to providing for the lowest paid workers; housing for better paid workers and the middle classes has been left to private enterprise to make what profit it could. Even in the sphere of working-class housing, however, local authorities efforts have been limited under the various housing Acts by the amount of subsidy provided. As was shown in a previous section, the only Acts which provided adequate subsidies were those introduced under Labour Governments, only to be subsequently reduced by succeeding Conservative majorities.



The Ministry of Health is responsible for the way in which the various Acts are administered and for the way in which local authorities carry out their duties. While the Acts leave a considerable field of discretion to local authorities and hence a great deal depends on who is on the council, the general approval of the Ministry is required for all major schemes, and it is empowered to initiate and direct local authority policy. In the past twenty years the weight of the Ministry has generally come down on the side of inertia, economy, and "leaving it to private enterprise."

If the post-war housing programme is to be adequate in size and scope, and is really going to satisfy the needs of the people, local authorities will have to become the main builders of houses, and not just organisations for eradicating slum-buildings and overcrowding. For this purpose they must be given freedom to build a much wider range of houses, catering for all sections of the population.

### **Direct Building**

The bulk of the local-authority housing has been done through private building contractors, but a minority have done a substantial proportion of the work through their direct building departments. The majority of direct building departments came into existence after the last war when building prices were soaring and local authorities were anxious to establish some method of checking the prices quoted by contractors. These departments have naturally met with particularly fierce resistance from private interests and have in some cases been forced to close down, while in other cases the department is only kept going for the purpose of repair and maintenance and no longer for the actual erection of new buildings. Nevertheless in a number of cases they have been extremely successful.

As early as 1929, the Rt. Hon. John Wheatley stated :

It has been found by actual experience, that the public bodies can accomplish the work equally as expeditiously as the private builder, if not more so ; that the cost of the work is generally less ; that the quality of the materials used and of the work generally, is higher, because of the constant supervision of the public experts, and the removal of incentive to use inferior materials and to scamp the work ; and that the workers themselves are more satisfied.

This view is borne out when the results of successful local authorities are examined to-day. Out of a total expenditure of £737,550 on building works (the bulk of which was housing) undertaken by the Norwich Corporation in the years 1937, '38, and '39, £409,480, or more than half, was done through the direct building department. Tenders for direct labour were submitted in competition with contractors, and there was a total net saving on actual direct labour costs as against the accepted direct labour tenders. This is a clear case where direct labour was found to be cheaper for a large proportion of the housing programme. In the same period the Bolton Corporation carried out the whole of their municipal

housing programme, amounting to £350,000, by direct labour. Up till 1937 all houses had been erected by contract in Bolton ; and as no works by direct labour and contract were concurrent, it is not possible to compare the costs of the two methods. The direct labour organisation only executed the works by submitting the lowest satisfactory tender, however, which means that had tenders been accepted from private contractors, the work would almost certainly have cost more.

During the three years under discussion, the Glasgow Corporation carried out a housing programme to the value of £2,800,000, of which £1,500,000 was undertaken by direct labour. The experience here was that the average costs as between direct labour and contract did not differ to any material extent. In Sheffield, where the housing activities of the Public Works Department were confined to a small number of houses as an experiment, it was found that the Department could not compete with private contractors because of the more favourable conditions granted by the Corporation to their employees, coupled with the fact that six or seven local firms of medium size concentrated on housing and secured between them on a competitive basis the bulk of the Corporation's housing contracts. The Public Works Department concentrated for the most part on buildings other than houses, however, and here there was no appreciable difference between the relative average costs of work undertaken by direct labour and that by private enterprise.

Cheapness as such is not of course the only criterion. Theoretically, other things being equal, direct labour should effect considerable saving as it cuts out the contractor's profit, (though against this must be set the additional expenses of a works department in connection with costing and accountancy which has to be "a much more precise and costly operation when done by a local authority in connection with direct labour, than when done by the average building contractor." (Simon Committee, 1944). But it is well known that all too often contractors deliberately skimp the work in order to cut down the cost and be in a position to submit the lowest tender.

The system of indiscriminate competitive tendering in which all builders, good or bad, are allowed to compete on what are supposed equal terms, is a temptation to the unscrupulous man to quote a price which would leave a substantial loss, if he accurately carried out the specification ; this gets him the contract ; then by the purchase of inferior materials and fittings, by speeding up the work of the operation so as to make good craftsmanship impossible, and by every kind of device, he seeks to reduce his costs and to make claims for extras in every possible way, legitimate or illegitimate. Where firms of differing standards are in competition although they are supposed to be tendering for the same job, they do not, in fact, aim at the same product ; the good firm will try to produce the building intended by the architect, the irresponsible firm will aim primarily at the maximum profits. (Report of the Simon Committee.)

In 1939, the Barr Committee on Scottish Building Costs stated that : (Cmd. 5977, 1939).

The majority of witnesses who had had experiences of direct labour in connection with individual trades were agreed that this method involved greater cost *but generally achieved a better standard of construction.* (Our italics.)

The Simon Committee state :

The officers of direct labour organisations whom we interviewed claimed that some saving had been effected by the use of these organisations. In several other cases while there was little or no difference in cost between the direct labour estimate and the contractor's tender it was claimed that the *cost of maintenance subsequent to completion was less on these houses which were carried out by direct labour organisation.* (Our italics.)

The Simon Committee sum up :

We are satisfied that the best direct labour departments have built considerable numbers of good houses at prices comparable with those of contractors.

And they add a further important point :

We have no doubt that the knowledge by the building industry that a direct labour department is in competition with those who tender serves in some cases as a valuable check on excessive prices.

It is certain that in the coming period when prices are likely to be inflated, direct labour departments are going to have an extremely important part to play. To ensure success the departments in each case will have to be on a sufficient scale, the programme should be limited to a straightforward class of work for which the department is best equipped (such as houses, flats and simple public utility buildings) and the work must be directed by first-class officers. It is to be hoped that an increased number of local authorities will investigate the methods and experiences of successful direct labour departments which can be invaluable as a guide for the future.

## 5. HOUSING COSTS IN THE PAST AND THE FUTURE

The intention of this section is to discover how the costs of a house are made up, and see how these can be reduced.

The average price of three-bedroomed non-parlour houses built by local authorities in England and Wales in 1938-39 was £370. Small one-bedroomed houses cost an average of £257 and the prices of flats in buildings of three or more storeys averaged £541. The above prices include the cost of paths, drains and fences, but do not include the cost of land, roads and sewers. (*Ministry of Health Report*).

In order to examine the question of costs it is essential to break down these prices into their constituent parts.

## (a) Land Costs\*

It was estimated that the average price of non-parlour houses including land, roads and sewers in 1939 was £420—£430. This allows £60 per dwelling for roads and sewers which is almost certainly an underestimate—£70 or even higher would probably be nearer to the mark. Comprehensive figures on the question are however lacking.

In 1930 a Ministry of Health enquiry revealed that, of the houses investigated in urban areas, 15% bore capital costs of more than £100 in excess of the cost of building, 72% bore such excess costs between £50 and £100, and 13% less than £50 . . . It is probable, however, that, owing to the recent building boom, there has been some increase in the prices of sites. (*Urban and Rural Housing*, League of Nations, 1939.)

This suggestion that the price of sites went up between 1930 and 1940 is borne out in a number of directions. For example, the *Ministry of Labour Gazette* for 1939 shows the average cost for dwellings built by 146 selected local authorities drawn from towns in the first two quarters of 1939 was £501—it can be presumed that if this was the case, land, roads and sewers averaged £100 or more per dwelling in town areas. Again, tenders received by the Ministry of Health for the building of rural cottages in 1943 showed that the estimate for land plus roads plus sewers varied from £50 to £100 in each case. (House of Commons, June 10th, 1943). The fact that land, roads and sewers are lumped together makes it difficult to determine the actual proportion which is directly due to land costs as such. This has given apologists of private ownership of land a chance to claim that the cost of land does not on the average account for more than 10% of the cost of a house even in towns. It is, of course, true, that in rural areas, land costs represent a very small proportion of the total. The same may be said of many new building estates on the fringes of towns, although even here the speculator, anticipating development, has often been able to exact a higher proportion. But the opposite is true in town areas, as the following quotation from *London Housing* published by the London County Council in 1937 shows :

It is not perhaps generally realised how large a proportion of the total cost of rehousing in central areas in London is represented by expenditure on acquisition of the site. The following figures which relate to actual areas in course of clearance and development by the Council serve to demonstrate how large a proportion of the total cost of each new dwelling erected on the areas is represented by the cost of the land.

### *Capital Cost per Dwelling.*

<i>Estate</i>		<i>Buildings</i>	<i>Site</i>	<i>Total</i>	<i>Land Costs Percentage of Total Price.</i>
		£	£		
A	...	435	122	557	22
B	...	456	126	582	22
C	...	425	198	623	32
D	...	570	361	931	40
E	...	573	375	948	39

\* The whole question of the land is dealt with in a previous L.R.D. pamphlet, "Land and Landowners" 1/-, which should be read in conjunction with the present pamphlet.

While land costs can be said to contribute to a considerable degree to total costs, it should be pointed out that the main result of the high land costs has been to force local authorities to place their houses on the cheaper and therefore more unsuitable land. High land costs in the centre of towns have been the direct cause of the urban sprawl around London and other large cities, while the most suitable plots for working-class housing from the point of view of planning and amenities are given over to other and more profitable uses.

In the post-war housing programme therefore reduction of land costs is not only important in order to keep down rents ; it is essential for the proper siting of new housing schemes.

### (b) Building Costs

Turning to the question of building costs themselves, Mr. Sandys stated in the House of Commons (May 2nd, 1945) that "the net cost exclusive of overheads and profit and exclusive of land and estate development costs, of building a pre-war house of about 800 sq. feet ranged from £335—£405, of which £105—£125 were represented by labour and £230—£280 by materials." The estimated costs in 1935—1938 of the materials used in such a house is shown in the following table :

							<i>Per House</i> 1935-38	%
							£	
Bricks	...	...	...	...	...	...	40 — 50	12
Timber(joists, rafters, flooring, etc.)	...	...	...	...	...	...	30 — 35	9
Metal castings	...	...	...	...	...	...	18 — 25	6
Cement	...	...	...	...	...	...	18 — 20	5
Roofing tiles or slates	...	...	...	...	...	...	14 — 17	4
Sand and ballast	...	...	...	...	...	...	10 — 16	3
Window (metal)	...	...	...	...	...	...	11 — 12	3
Plaster and plasterboard	...	...	...	...	...	...	10 — 12	3
Doors and staircase	...	...	...	...	...	...	11 — 15	4
Paint and distemper	...	...	...	...	...	...	7 — 12	3
Flooring tiles	...	...	...	...	...	...	4 — 5	1
Sundry other materials	...	...	...	...	...	...	56 — 65	16
Labour	...	...	...	...	...	...	105 — 125	31
							<hr/> 334 — 409	<hr/> 100

This table gives an indication of the large number of items which go to make up a house—in particular the vast range of materials which represent nearly 70% of the total cost. A lowering in the price of any one of these materials makes some difference to the cost and ultimately to the rent paid. It can be seen that bricks are the most important single factor, and timber next in importance.



### (c) The Cost of a Dudley House

In their report on the Design of Dwellings the Dudley Committee \* make certain calculations as to what the cost of a traditional type house will be if their new minimum standards are adopted, compared with the low-standard house before the war. For the purpose of comparison, they take a minimum standard three-bedroomed local-authority house with an area of 775 sq. ft. which cost £335 in 1939. They suggest that the standard size should be increased to 900 sq. ft., which at 1939 prices would cost an additional £37 10s. ; the addition of an outbuilding costing £27 ; hot water and linen cupboard costing an additional £18 ; improved finish to the kitchen floor, 13 electric lights instead of 7, and two gas and electric points instead of one, larger windows, all of which items come to a further additional £15. They also suggest that each house should be fitted with a dry goods cupboard, 3 bedroom cupboards, extra shelving and other fittings and improvements. The total cost of the house embodying the suggested standards would be at 1939 prices £467, compared with £335 for the lowest standard local-authority house and £400 which was at that time the price paid by local authorities for better-standard houses.

The Dudley Committee assumes £75 for land, roads and sewers which brings the total to £542. The Committee then discusses building prices and "assumes" that action will be taken to bring present prices down and that these will eventually be stabilised at 30% above pre-war. In this case the Dudley House would cost £704. To work out what this means in terms of rent we have to consider the problem of interest rates.

### (d) Interest rates

The price of a house is not of course the same as the amount paid for it by the local authority and ultimately by the tenant. The ultimate cost depends to an enormous extent on the rate of interest which is paid for the money which is borrowed for the purpose of erecting the house. Every local authority when borrowing for the purpose of building houses has to pay back both the principle and the interest over a period amounting sometimes to 40 and sometimes to 60 years. The total sum needed is levelled out so that the same amount is paid every year for the period in question. In the following table we show the difference interest rates make, for a Dudley house at pre-war prices (£542), to (1) the total amount paid for a house assuming it is paid for over a 60-year period ; (2) the annual payments required ; (3) the rent paid by the tenant assuming the total cost is to be covered by him, and allowing £5 10s. per year for repairs (i.e. the economic rent.) ; and (4) and (5) the amount of subsidy needed if the tenant's rent is to be 12/- or 8/- weekly inclusive of rates. We also show a similar calculation if the cost is increased by 30% as the Dudley Committee suggest.

\* See footnote page 4.

## House costing £542, paid for on a 60-year basis

Percentage at which money is borrowed	1%	2%	2½%	3%	3½%	4%
Total amount ultimately paid	£723 10 0	£935 10 0	£1,052 5 0	£1,175 0 0	£1,303 15 0	£1,437 10 0
Annual payments necessary	£12 1 2	£15 11 10	£17 10 9	£19 11 8	£21 14 7	£23 19 2
Weekly economic rent assuming £5 10 0 for repairs	6 9	8 1	8 10	9 8	10 5	11 4
Annual subsidy required per house assuming rent† at 12/- (incl. rates* at 3/8d per week)	—	—	£1 6 0	£3 9 4	£5 8 4	£7 16 0
Annual subsidy required per house assuming rent† at 8/- (incl. rates* at 3/8 per week)	£5 5 8	£9 15 0	£11 14 0	£13 17 4	£15 15 0	£18 4 0

## Same house allowing 30% increase in prices

Total amount ultimately paid	£940 10 0	£1,216 5 0	£1,367 15 0	£1,527 10 0	£1,694 15 0	£1,867 0 0
Annual payments necessary	£15 13 6	£20 5 5	£22 15 11	£25 9 2	£28 4 11	£31 2 4
Weekly economic rent assuming £7 3 0 for repairs (30% increase in building costs)	8 9	10 6	11 6	12 6	13 7	14 9
Annual subsidy required per house assuming rent† at 12/- (including rates* at 5/- per week)	£4 11 0	£8 17 0	£11 14 0	£14 6 0	£17 2 4	£20 3 0
Annual subsidy required per house assuming rent† at 8/- (incl. rates* at 5/- per week)	£14 19 0	£19 5 0	£22 2 0	£24 14 0	£27 10 4	£30 11 0

† In fixing 12/- and 8/- as the tenants' rent inclusive of rates, we are not suggesting that these are in any way targets which are desirable. The 12/6d. rent is the maximum assumed by Beveridge to be paid by those on benefit on the scales suggested in his report, but he himself advocated the desirability of a greater margin than this. The Labour movement would probably take 12/- as an absolute maximum—a maximum which would not be acceptable in many areas. 8/- per week is the rent allowance fixed by most rent advisory committees as fair—it also represents the equivalent in present-day prices of the average rent charged to tenants who were accommodated as a result of slum-clearance schemes before the war.

\* The amount paid in rates is purely hypothetical. It assumes in the first table a rateable value of £13 16s. and in the second table a rateable value of £19. Rateable values differ so enormously from place to place, that the suggested sums are purely arbitrary though there would be nothing abnormal about them. In practice the rateable value would probably fall or rise according to the cost of the house, so that those houses paid for at a low rate of interest would have a lower r.v. than those paid for at a high rate. We have not allowed for such a variation here. The rates in the £ are assumed to be 13 10d. which is the average for England and Wales. In practice in many places the rates in the £ are of course a great deal higher than this. This is not the place for discussion on rating reform, but the need for such reform becomes all the clearer when the above table is examined.

These figures demonstrate the enormous difference that interest rates make to the total cost of a house, to the economic rent and therefore to the subsidy required. It will be noticed that in both cases, if as much as 3% is paid on the borrowed capital, the ultimate cost of the house is more than double the original price. The rate of interest is in fact the most important single factor, if we are aiming to bring costs down.

For the pre-war house costing £542 and allowing £5 10s. for repairs the economic rent is 10/5d. if 3½% interest is charged. For the post-war house costing £704 and allowing £7 3s. for repairs, the economic rent is only 1d. more—10/6d—if 2% interest is charged.

If interest rates remain at  $3\frac{1}{2}\%$  as they were just before the war, and costs are stabilized at 30% above pre-war (as the Dudley Committee suggest) a subsidy of over £17 per house per annum will be needed to keep the rent and rates together down to 12/- and a subsidy of over £30 per annum to keep rent and rates down to 8/-.

A glance at the housing accounts of any local authority shows how high interest rates in the past (sometimes amounting to 6%) have drained away enormous sums from the pockets of the people in the form of rents, rates and taxes. The L.C.C. shows for example in the housing accounts for the year 1939 that while £2,151,568 was received in rents from municipal tenants, £2,627,878 was paid in debt charges on these same houses of which £578,256 represented redemption on capital and £2,049,622 *interest charges*. £771,557 was paid out in repairs, maintenance, lighting and heating, supervision etc. The net deficiency was £1,247,870 which had to be made up in subsidies.

### (e) How Costs can be reduced

Since the war, building costs have risen greatly. The Dudley Committee states :

We understand that precise estimates of the extent of this increase are not yet available but that it may amount to as much as 100 per cent. The present cost of living index figure is 30 per cent. above the pre-war level and one of the disturbing features of the present position is that the rise in building costs is so much out of proportion to the cost of living . . . There may be an inevitable interval before the present inflated costs can be brought into a workable relationship with the cost of living, but we are convinced that unless this is done the Government's programme of three to four million houses will never be completed. We therefore assume that whatever action may be necessary to bring this about will be taken and that building costs will eventually stabilise at about 30 per cent. above those prevailing before the war.

Implicit in this quotation is the assumption that building costs were satisfactory before the war, that it is only the present wartime level of costs which is disturbing, and that so long as the present abnormal situation is dealt with, the industry will be allowed to continue very much as it did in the inter-war years.

The Labour movement takes the view, however, that it is not sufficient merely to defeat a special wartime price rise. Unless drastic steps are taken to reduce the cost of housing in the post-war years *below the level of the pre-war years*, large subsidies and/or high rents are inevitable. And while there is no reason to suggest that housing subsidies ought to be dispensed with, it cannot be tolerated that subsidies should any longer be used for bolstering up inefficiency and profiteering.

Various methods of reducing costs have been discussed in the foregoing pages.

On the contracting side, improved technique, organisation and supervision have already been mentioned. One other matter deserves attention—efficiency in cost planning before the job starts.

The somewhat bewildering absence of properly costed jobs is due apparently to some extent to the practice of hit-or-miss costing ; this not only makes analysis afterwards difficult but also impedes the job itself. We do not say more than the profession says of itself. A distinguished architect, Director of Works, Ministry of Works, says :

The science of estimating has to travel a great deal further than it has in the past. In all staple industries there is a first-class elaborate system of costing constantly in progress . . . the time has arrived when one of the things we ought to expect from our quantity surveyors is a real knowledge of the costs of works and not a knowledge obtained by taking six tenders and dividing the total amount by six to give the unit cost . . . In the building industry there has been the same kind of looseness in costing as has obtained amongst quantity surveyors and architects. It is a fault which has run through the industry from top to bottom. Loose costing must disappear. (T. B. Bennett, *The Architect*, 26.1.45.)

On the building-material side it can seriously be suggested that proper methods of rationalisation and large scale production would cut prices per unit to a very low comparative figure. The monopolies will have to submit to costing ; not costing afterwards, which records how much existing methods (small runs, competitive specialities, criss-cross transport, maintenance of a network of wholesalers, salesmen, merchants, etc.) cost, but a costing system built up from the bottom. That is, a price erection built up on costs at each stage, plus controlled profit margins, taking into account the necessary output. (Thus it would be necessary to take into account the additional costs of the marginal firms over the high-efficiency ones but not to allow the efficiently planned firms to rake in the difference as extra profit). This has been done during the war, at least to some extent, and plans to continue this process should be pursued rigorously. The Board of Trade should be supported in such efforts. All efforts at premature decontrol should be checked. As in the case of the machine decontrol, powers of surveyance should be maintained—as a minimum.

Publicity should be directed, not just at “profits” but at the real margins being made ; the operational costs should be disclosed. This applies not only to the producers of bricks and cement etc., but equally to the makers of all fittings and components. Another matter which requires urgent attention is the high costs of transport of building materials.

The advantages of standardisation and long runs are discussed in the next section. Here it is only necessary to mention that Sir Ernest Simon has estimated that standardisation of fittings could result in a reduction of £100 in the cost per house.

Coupled with these measures, the cost of the land has to be dealt with, and the level of interest rates brought down to a maximum of 2%.

It would be academic at this stage to try to estimate the lowering of costs which all these steps would involve. But it might well



be assumed that the prospects would then be opened up of housing the working class at rents they could afford without the assistance of the vast subsidies which will be required if matters continue as at present.

## 6. NEW MATERIALS AND METHODS

Before going on to consider the practical steps which the Government have taken to deal with the housing problem, it is important to consider some of the new materials and new methods which have recently been developed. The fundamental difference that these new methods make to the traditional ways of building is the fact that most of the construction can be done in factories and transported in a more or less finished form to the site. This pre-fabrication has two main aspects—on the one hand the construction of the actual shell of the house itself—on the other hand, factory production of components and fittings to go inside the house. There is little doubt that there is a big field for the use of the second of these two, the pre-fabricated components and fittings, in houses where the shell is of traditional brick etc.

In the construction of the shell, the new methods are of two principal types.

First, constructional systems of an engineering character have been devised, depending for their strength on specially designed frames, of which perhaps the most interesting is the light steel frame used, for example, in the Ministry of Works demonstration flats at Northolt, and in the pre-fabricated houses which the Birmingham Corporation have built. Not only is such a frame light, thus saving steel, and easily constructed and erected, but in addition it is a precision job, and can be clad with factory-made units, made to standard shapes and sizes, which will fit accurately on to the frame. The frame can be clad, both for external walls and internal linings, with a wide variety of materials or combination of materials, such as ordinary bricks, slabs of pre-cast concrete, sheet steel, or panels of timber, asbestos cement, wood covered with asbestos sheeting, wood wool and so on. Many different systems of frames and many different ways of clothing the frame are being developed, some necessarily in the experimental stage, but there can be no doubt that already along these lines building can be tremendously speeded up and cheapened, while its future possibilities are virtually unlimited.

The second method actually uses in the main new materials, but makes use of the normal load-bearing wall. The materials most developed are lightweight concretes which not only save weight and therefore labour in handling but possess a much higher thermal insulation than brick or stone. This is due to the pockets of im-

prisoned air, as lightweight concrete contains air up to three-quarters of its total volume, compared with one tenth of the ordinary concrete. There is of course some sacrifice of strength, but in the best of the lightweight concretes, foamed slag, the strength is fully adequate for house construction. Foamed slag is a by-product (and before the war largely a waste product) produced from blast furnace slag, and is potentially available in vast quantities at a low price. It is easily cut by means of a saw, and nails and screws can be driven in without plugs. Other similar aggregates are demonstrated in the Northolt houses, such as "nofines" concrete and expanded clay.

The exhibition of types of permanent houses now being shown in Northolt, demonstrates some of these alternative materials and methods of construction. There are about a dozen or so types shown, mostly having a superficial area of 850—900 sq. ft., which although still small, represents an advance on pre-war standards. The prefabricated flats, constructed with a light steel frame, clothed with prefabricated concrete blocks and fitted inside with the kitchen and bathroom unit which was used in the Portal temporary house, can, it is claimed, be erected in 900 site man hours per flat, compared with more than 2,000 site man hours for a comparable-sized traditional house. The light steel frame is also shown clad with ordinary brick.

Other interesting houses are the pairs erected to the standard laid down by the Dudley Committee for urban and agricultural workers, respectively embodying the higher superficial area they recommend; houses constructed in foamed slag, "nofines" concrete and expanded clay; two pairs of well designed houses of pleasing appearance all in steel; and a group of terrace houses demonstrating the latest developments in heating and lighting.

Plastics offer a new field of building materials. But the excessive cost, coupled with the fact that plastics as a whole are in the early stages of development, means that their possible application to building is at present fairly limited (except of course in the sphere of internal fittings).

Except for resin-bonded laminated wood, plastic materials in the forms so far available or likely to be available in the immediate post-war period are unsuitable for use as load-bearing structural material . . . resin-bonded laminated wood offers interesting possibilities of development as a structural material . . . The plastics industry already supplies a range of different kinds of sheet material for building use. Among these, resin-bonded plywood has proved itself suitable for use as an external wall covering even without painting . . . For interior use laminated plastics offer a wide choice in colour combined with hard wearing and hygienic qualities. (*Plastics*; Post-War Building Studies No. 3, p. 37, Ministry of Works.)

The same committee, convinced of the future of plastics in building, recommended close collaboration between the two industries. They also pointed out that the present capacity for making plastics is limited; it is clear that under its present control the industry is unlikely to make full use of its great possibilities.

Another field of new building materials, or rather of materials already known but not yet used in building on any scale, is that of light metals, mainly non-ferrous, including aluminium, aluminium alloys and steel and non-ferrous alloys. In this connection it is interesting to read the following extract from a report on Non-Ferrous Metals :—

There is now available a large reserve of factory labour, for example in the aircraft industry, skilled in the construction of metal assemblies, in the joining of metals on the most up-to-date plant, in welding, and in the application of surface finishes and other processes. After the war there will be many well-equipped factories in which the labour could continue to be employed in the mass production of selected building units and prefabricated housing assemblies. On the conclusion of hostilities, ample supplies of non-ferrous metals will be available. Most of these metals . . . have particular advantages for unit construction. Because of their good resistance to corrosion and satisfactory mechanical properties, they can be used in thin sections which result in light, rigid and robust assemblies which are easy to handle and transport. (Post-War Building Studies No. 13, p.52, Ministry of Works.)

Plans are on foot for using aluminium sheets, as well as steel sheets, for temporary housing, although the monopolistically determined price of aluminium is at present an obstacle. There is a considerable field for using pressed aluminium for bathroom and kitchen construction. Similarly the various alloys, productive capacity for which has been greatly expanded during the war, can be used in endless ways for housing fitting and equipment.

Another major development in the field of materials and fitting is standardisation. The war and the necessity for every possible economy in materials and labour has given a great impetus to standardisation and all the reports on post-war housing and building are unanimous in advocating its continued use and amplification. The Ministry of Works appointed a Standards Committee

to study the application of standards in building, with the particular object of ensuring economical use of materials in the post-war period, together with simplified and speedier procedure of construction, and, wherever possible, improved quality and design . . . The adoption of standards will enable important economies to be made in the purchase of essential supplies for housing and will generally lead to greater speed and efficiency in construction. In many cases the use of standard products will mean that more and better equipment can be included than would have been possible by the older methods. (*Housing Manual*, p.9.)

It is clear that standardisation will greatly facilitate mass production without lowering standards of quality—in fact very much the reverse—while at the same time it brings many types of equipment within reach of workers generally which were previously only enjoyed by the rich. This is now officially admitted.

Standardisation of components has made substantial economies possible, notwithstanding the fact that at the same time improvements have been introduced in the quality of the goods specified. The use of a standard part or component (on a limited range of standard sizes) enables the manufacturer to employ his labour to the best advantage by adopting modern methods of mass production and by installing the newest and most efficient machines and plant. Further, both the manufacturer and the distributor are relieved of the expense of maintaining stocks of a wide assortment of sizes and types. With certain

components used in building, such as roof gutters and sanitary fittings, manufacturers and distributors before the war were compelled to stock a number of varieties far in excess of reasonable needs. With others, such as steel windows and wooden doors, a limited range of standard types has been in general use for some time. The saving in cost of manufacture, handling and storage, the simplification of work on the site, and the greater convenience of total or partial replacement, are advantages which should be no longer be restricted to a few items; they must be applied to housing generally over the entire field of essential supplies. The Standards Committee of the Ministry of Works has made recommendations in respect of a number of components and fittings capable of being manufactured by mass production methods. Specifications are in preparation by the British Standards Institution; as with all standards issued by this Institution, each of these will have the agreement and support of the relevant industry or industries as a whole. The prototype of the emergency factory-made home designed by the Ministry of Works is an indication that costs can be reduced through mass production methods; the special price negotiated will afford a general yardstick by which prices for all standard equipment measure. The use of standards in the design of houses will not only reduce costs and secure economies generally in both labour and materials; it can also (as is made clear by the emergency house) bring within reach of the workers a variety and quality of equipment hitherto impossible in local authority housing. (Ibid. p. 24-5.)

There is a further advantage in standardisation, and that is that it is now possible to specify precisely the way in which builders should use standard materials. This is done by means of "standard codes of practice," which began to develop before the war, and are now being developed, classified and co-ordinated by the Ministry of Works Codes of Practice Committee.

The Ministry of Works have sponsored and are in the course of publishing a series of twenty-two "post-war building studies." The Ministry have co-ordinated and generally assisted in each study, but the committee has in each case been convened by the appropriate branch of the industry. For example, a report on "gas-installations" was issued by a committee convened by the Institution of Gas Engineers, and one on "plumbing" by the Plumbing Committee of the Building Research Board of the Department of Scientific and Industrial Research. Every aspect of building in its widest sense has been covered by this series but probably the most important is the first one on "house construction."\*

The Report's most important conclusion is that:

In the immediate post-war period, that portion of the industry concerned with housing will find difficulty in meeting even the most urgent needs, and methods of house construction alternative to the traditional will be required. (p.137.)

The Report gives an authoritative and detailed survey of different methods of construction, discusses the basic considerations affecting house construction and reviews the newer materials. On concrete walling systems it says:

they give scope for the employment of unspecialised labour, with the possibility of some increase in the speed of erection of that part of the building.

\* See footnote page 4.



On timber construction it says :

In general, timber construction can be recommended . . . . experience of the special uses of timber by the aircraft and other industries during the war may well lead to an extension of the application to house construction.

On steel frame construction it says :

it opens up prospects for the evolution of new methods of floor and roof construction, as well as walling, where, when combined with the steel frame, light external and internal claddings . . . . would supplement the output of bricklayers and plasterers.

In metal-clad houses there are "alternatives to traditional construction" especially where the walling is also used as a load-bearing structure. The Report also stresses that "the development of both steel frames and metal-cladding may lead to the employment in house-building of labour and factory space now absorbed in war industries" and that "even the foregoing systems may not go far enough to supplement the capacity of the building industry as it stands to-day."

The Committee is distinctly progressive in outlook and is continuing to examine new systems, in collaboration with the Controller of Experimental Building Development in the Ministry of Works and the Building Research Station. The Ministry of Works has also issued a considerable amount of technical literature on the use of standards, while the Ministry of Health have issued two important reports from their Central Housing Advisory Committee on *Design of Dwellings* and *Rural Housing*.\* The latter advocates that rural housing should be brought up to the standards of progressive urban authorities and that progress should then be at the same rate in both, and it criticises strongly the present and past activities of both the central and local authorities concerned.

Invaluable as all this research and experiment may be, there is a sign that the Ministries concerned are completely unable to make a decision to plump for a particular design and then get on with the job. One is irresistably reminded of the aircraft industry in the early days of the war when prototype after prototype was produced, but there was a failure to organise mass production of any particular type on the scale needed.

Moreover, there are already indications of a tendency by the powers that be to dismiss the reports issued by the various committees as theoretical studies and to disregard their findings—particularly on the matter of minimum standards, referred to on pages 3 to 6. The *Housing Manual* issued by the Ministries of Health and Works, while giving a great deal of useful information, advocates standards which in many instances fall below those advocated by, for example, the Burt and Dudley Committees. The way to deal with high building costs is discussed in another section—here it should simply be pointed out that to reduce costs by means of reducing standards is not a method which can be tolerated.

\* H.M.S.O. (1/-) 1944.

## 7. WHAT THE GOVERNMENT ARE DOING

The Government have stated that they estimate there is a need for three to four million houses and that their target is that this number should be built in ten to twelve years. In the first two years after the European war it is proposed that 300,000 permanent houses shall be "built or in the course of building," 100,000 in the first year and 200,000 in the second. In addition it was originally intended to provide 250,000 temporary bungalows in the same period. This figure has now apparently been modified to 145,000. Apart from the question as to whether these targets are high enough, the preparations for implementing them are hitherto quite inadequate.

### (a) Restoration of the Industry's Labour Force

The building industry had about one million workers on its books before the war, and this has been reduced by call-up, transfer to other industries and the stopping of normal recruitment to about 350,000, of which only a comparatively small number are young. The Government have announced that :

it is considered that a post-war construction programme designed for ten to twelve years will require a labour force in the building industry to be built up over a period to about 1,250,000 men . . . in addition to the laying down of a long term programme of building, a further condition of a satisfactory expansion of the labour force of the industry is the establishment, under adequate guarantees, of conditions of work which will, as far as possible, eliminate the casual form of engagement which was formerly the most unsatisfactory characteristic of employment in the industry. (*Training for the Building Industry*, Cmd. 6428, p.2.)

Although the guaranteed week is to be left to be negotiated within the industry itself, the Government say they "would consider favourably the continuance at least during the immediate post-war" of statutory registration of firms, under which they are compelled to observe the minimum terms and conditions agreed in the industry.

In their White Paper the Government announced and have subsequently begun to put into force two schemes for expanding the number of craftsmen in the building industry. The first is a scheme of special adult training to fill the immediate post-war gap, by giving intensive courses to men entering the industry from other industries, or to men demobilised from the forces. It prepares for the training of up to 200,000 in three or four years, in Government training centres or in technical or similar institutions ; it is administered centrally and locally by the Ministry of Labour, advised by a central committee and local committees. It is financed by the Government.

The second scheme provides for apprenticeship training and technical education on a long-term basis, to deal with normal entry into the industry. To this end an Apprenticeship and Training Council for the Building Industry has been set up, but having other

representatives, and an independent chairman, Sir Malcolm Eve, appointed by the Ministry of Works. The Council's main function is to observe and advise:

on all matters concerning the recruitment, education and training of young persons for the industry, both for craftsmanship and management, and to encourage by all appropriate means the development of craft apprenticeship schemes and student apprenticeship schemes on a comprehensive basis. (*Ibid.* pp. 5 and 6.)

Apart from the measures for training more craftsmen, the Government have made some provision for priority in the demobilisation of building workers, in their White Paper on the Re-allocation of Manpower. Some building workers will come into Class B., i.e., they will be released out of their normal turn (Class A, based on "age plus length of service") because of the importance to the country of their civilian work. There is no provision for trade union consultation in the administration of the scheme.

### (b) Plans for Permanent Houses

The Housing (Temporary Provisions) Act was passed in August 1944. This Act is purely a stop-gap measure to provide for the 300,000 permanent houses intended to be built in the first two years after the war; even so it is far from adequate.

Before this Act, a subsidy was payable only for houses built to provide for slum clearance, abatement of overcrowding and for agricultural workers' houses. Under the new Act these limitations are removed for approximately three years from when the Act was passed (Summer 1944) so that the subsidy will be made available for general housing needs. The amount of subsidy (£5 10s. per house per annum for 40 years) remains unaltered for the present—evidently it is to be settled later.

It is in fact our intention to introduce legislation dealing with the appropriate amount of subsidy as soon as we feel that it is possible to form a reasonable view of what local building costs will be during the period which I have described, running to October 1st, 1947, and when we can also form an opinion of what will be an appropriate level of rent. (Ministry of Health, July 19th, 1944.)

The Act has received much criticism because it makes no provision for a higher subsidy immediately. Mr. Lewis Silkin in the Debate on the Bill's second reading said:

I want to assume that the cost of building will be 60% above pre-war . . . if one takes the normal type of house provided by the L.C.C. and assumes that the cost of land will be £250 an acre the total cost of the house after the war, on the basis of 60% increase, will be £920. Assuming a net rent of 10s. per week, plus rates, the annual deficiency will be £34 12s. The contribution of the Exchequer under this Bill will be £5 10s., leaving the local authority to bear a deficiency of £29 2s. per year per dwelling for 40 years. (*Hansard*, 19.7.44, cols. 227-8.)

With regard to the sites, the Act allows the responsible Minister to confirm compulsory purchase orders for acquiring land for housing without a public local enquiry. This part of the Act remains in operation for two years. Nothing is done under the Act to deal with the problem of the high cost of land in the centre of towns.

Mr. Silkin compared this part of the Act unfavourably with even the Town and Country Planning Bill which provides for compulsory purchase of blitzed areas for long-term planning purposes. The chief criticism apart from the fundamental question of compensation is the absurdly short period of its operation. Dispensing with a public enquiry saves an average time of eight months and it is obvious that this delay cannot be tolerated at a time when the need for houses is so vitally urgent. Mr. Silkin also pointed out that apart from the public enquiry there are too often important matters which cause delay, and which should have been suspended by the Bill. These are the need for "referencing," and the delays, after an order to acquire land has been obtained, while entering into possession and while negotiations are taking place about the price.

The practical difficulties which local authorities are up against was illustrated by a letter in the *Times*, February 5th, 1945, from the Clerk to the Wareham District Council :

Sir,—The Minister of Health told the Urban District Councils to proceed merrily with the acquisition of the further land required for housing. The following time-table may be of assistance to those about to embark on this journey :—

Feb., 1943	...	...	Site selected by the local authority.
Apr. to Oct. 1943	...	...	War agricultural executive committee, rural land utilization officer, town planning authority, etc. etc., approve site but district valuer cannot agree terms with owner.
Dec., 1943	...	...	Compulsory purchase order made by authority.
March 22, 1944	...	...	Owner withdraws his objection to the order and asks, What price ?
April 13, 1944	...	...	Papers sent to Ministry for confirmation.
May to Sept. 1944	...	...	No news.
Oct., 1944	...	...	Owner revives his objection.
Nov., 30, 1944	...	...	Ministry hold inquiry.
Jan., 20 1945	...	...	No decisions yet.

It was stated in August 1944 that local authorities already owned sites for more than 250,000 houses, and they are therefore being officially "encouraged" to add to these with all possible speed. But verbal encouragement is useless without providing the means whereby the job can be carried through.

### (c) Plans for Private Enterprise

In the summer of 1944, a report entitled *Private Enterprise Housing* was issued by an advisory committee chaired by Sir Felix Pole under the auspices of the Ministry of Health. This Report does not so much argue the case for the speculative builder as automatically assume that the bulk of the post-war housing programme will be carried out by him, and discuss how he can best be encouraged to build the maximum number of houses.

The Government have indicated that in the first two years after the war local authorities will carry out most of the housing work, but that they are anxious that private enterprise shall be responsible for an increasing and eventually larger share. Mr. Willink, the Minister of Health, made a statement in reply to a



parliamentary question (*Hansard* 13.7.44. col. 1887) about the Pole Report to the effect that the Government had decided to accept the recommendation that a subsidy should be provided for houses built by private enterprise during the early post-war period, subject to certain conditions as to size, construction, selling price and rent. The scheme would be administered by local authorities who would be consulted in the framing of legislation to be introduced.

Mr. Willink also announced that the Government had accepted the recommendation that they should support the development of a scheme on the lines of the National House Builders' Registration Council\* for securing the maintenance of good standards of building. This scheme is a voluntary one, under which the Council have made a register of house builders willing to conform to a definite specification of work and materials in building houses; the council then certify the houses. It is interesting to note the actual form of the Committee's recommendation on this matter.

The weight of evidence is in favour of some compulsory scheme for controlling the standard of all house building. On examining the various proposals, however, we find that such a scheme is impracticable . . . we accordingly recommend that a voluntary scheme on the lines of the National House Builders' Registration Council should be developed with the support of the Government. (*Ibid.* p.45)

#### (d) Plans for Temporary Houses

In the summer of 1944, a prototype of a factory-made pressed-steel bungalow was exhibited in London—the famous "Portal House." The bungalow was hailed as a great invention—half a million were to be produced—a number shortly reduced to 250,000. The bungalows were to be temporary—their great advantage was that they could be produced at a high speed by factory labour, thus leaving free the maximum amount of ordinary building labour for the production of permanent houses.

When the bungalow was exhibited, the main criticisms were of the cramped size (630 square feet superficial area) and the high cost, the latter partly due to the high cost of steel.

On the other hand the internal fittings (in particular the kitchen and plumbing unit) met with universal approval, as presenting an altogether new standard in working-class housing.

Some months later, Mr. Duncan Sandys, the newly appointed Minister of Works, created a sensation by his statement that the Portal Steel house would not go into production until the end of the war in Europe. However, three other types of bungalows of similar size, but using different materials, had been designed and it was understood that several other types were contemplated. On December 7th, 1944, the Minister of Health stated:

I have reason to expect the arrival of 3,000 in the months January, February and March for London.

\* The constitution of the Council is set out in Appendix VIII of the Report on Private Enterprise Housing. (p. 55).

By February 1st, 1945, exactly three had been erected in the London area. With regard to cost, the original bungalow had been estimated at £600—it has now become clear that the cost is going to be much greater than this, though Mr. Sandys, when pressed, refused to give an estimate of what the cost per house would be. (January 31st. 1945). The total number of “temporaries” which are to be produced ultimately is now stated to be 145,000 (March 23rd, 1945).

Meanwhile the Housing (Temporary Accommodation) Act was passed in October, and it provides for the spending by the Government over a period of about two years of £150,000,000 in the provision of up to 250,000 temporary bungalows, which will be owned by the Government and erected by the Ministry of Works, who will be responsible for the bulk purchase of components and progressing production. The sites will be acquired and developed by the local authorities, and the houses are to last ten years. After this time, the local Authority may require the Ministry of Health to remove them unless in the opinion of the Minister “housing conditions require that they should remain.”

A more expeditious method of obtaining land for these bungalows is provided for, i.e., the local authority can enter the land at twenty four hours’ notice if a compulsory purchase order has been made or is intended, and a specially rapid procedure for purchasing the land remains in force until the end of 1945. The local authority will choose the tenants, fix the rents and maintain the bungalows. The average rent that will actually be charged is estimated to be 10/- per week exclusive of rates, and payable to the local authority, who will pay £23 10s. per annum to the Ministry of Health. The rent paid by the tenant will help to balance most of this sum, but when the cost of maintenance, management etc., is taken into account a contribution of £4 per house from the rates is assumed. In addition, the local authorities are left to bear the cost of the site themselves though where this is particularly high, special arrangements may be made.

There is no doubt that many local authorities resent having to pay any of the money for temporary houses—many have already expressed the opinion that the Government should bear the full cost.

One of the main drawbacks of these temporary houses is the fact that they take up so much space. In many urban areas the only suitable land of any size available to a local authority (short of using up valuable open space) is that already required for permanent building. This would not matter if the bungalows were to be really temporary but the decision that they must last 10 years is the opposite of encouraging. Undoubtedly more flexibility is needed—permission to shorten the life of these temporary houses is the most important thing. Surely it is not too much to expect that the permanent housing programme will have reached sufficient dimensions in five years’ time to allow local authorities to dispense

with temporary houses altogether ? Or is it as usual the high cost which prevents the Government agreeing to this ?

The rent suggested by the Government is 10/- a week because if the rents are fixed too low "tenants may be unwilling to seek or accept permanent accomodation" when the time comes for them to move. In other words tenants are to be made to pay the same for the substandard houses as they would pay for a modern permanent house half as big again on the grounds that it may be difficult to get them out again !

## **8. WHAT THE EVIDENCE SHOWS**

### **The Target**

The country will need at least five and probably nearer eight million houses in the next ten years. It will need two millions of these in the shortest possible time. This is a vast building and engineering job requiring decisive action to mobilise all resources and sweep away all obstacles. The amount of effort needed will represent about 7% of our total annual national effort ; i.e. one in fourteen of our workers, of the units of raw material allocation, of the £s in annual income. This effort must be fitted into the heavy demands which will be made by the necessity of raising British productive efficiency and restoring domestic shortages of all kinds.

### **The Obstacles**

The building industry to whom it falls to carry out this vast task is one of the most chaotic in Britain. The degree of productive concentration is among the lowest ; machine equipment is scarce, P.M.H. consequently low ; there are a large number of unrelated firms, many of the smallest size. The industry has been the happy hunting ground of speculation, and of high interest rates, and has been held to ransom by well organised rings of manufacturers and merchant associations. The Tory Governments between the two wars have pursued a policy (interrupted only by the brief intervention of the two Labour Governments) of as far as possible handing the provision of housing over to private enterprise. Local Authorities have only been allowed to handle the fringes of the problem. Planning has been neglected and a few thousand business men allowed to play havoc with the British geography. The result has been that the people have been badly and expensively housed. The Tory policy, predominantly Chamberlain's policy, did not work.

If we are going to build all the houses we need all this will have to be changed.

### **The Programme**

The first essential is that the Government should formulate a definite building programme both short-term (i.e. to cover the next two years) and long-term (to cover the succeeding eight years) on a larger scale than that at present envisaged.

Minimum standards of housing in relation to size and quality must be laid down. The programme must be carried out in conformity with new town planning schemes so that the new communities which will arise will have all the amenities they need to give a healthy and cultural background to a better life.

The number of permanent houses which we can build in the long-term period will be limited only by questions of policy on how far the governments of the future can be persuaded that good housing is a priority for the nation and not in the main a field for profit making by private enterprise.

But in the short-term period (i.e. the first two years) the number of traditional type houses which can be built depends to a large extent on the size of the labour force in the industry. The building labour force is down to 350,000 workers, as compared with over a million before the war, and of these only a small proportion are young. With withdrawals from the forces the Government hope to increase this to 800,000 by the end of the first year after the end of hostilities in Europe. At least 200,000 of these, and probably more, will be required for the enormous programme of bomb-damage repairs. Moreover, essential building other than houses has to be taken into account. On the other hand there have been advances in technique and organisation, although by no means on the scale which is now possible. Taking a previous estimate of the productivity of this labour force it can be said that one house per man per annum is a reasonable assumption. On this basis a minimum of 400,000 traditional-type houses completed (and not 300,000 "built and in the course of building") would seem to be a feasible target in the first two years, provided the necessary organisational steps are taken.

While a large number of temporary bungalows are certainly an unwelcome necessity, provision ought to be made to remove these in under the 10 year period where they are taking up valuable and urgently needed space.

If this programme for the early stage is to be further stepped up, the gigantic resources of the engineering industry will have to be called upon not only for the manufacture of fittings, but for a substantial programme for prefabricated *permanent* houses. Such houses need have little in common with the unsatisfactory temporary bungalows, as is shown in previous pages on research into new materials and methods. On the other hand the development of prefabrication must be carefully watched so that it does not become a field for the pressing of sectional interests or the lowering of standards either of the houses themselves or of the building workers.

### **How can the job be done ?**

Having settled the programme, how can it be carried through ? Most of the essential questions have been dealt with in the foregoing pages—here it is only necessary to summarize the most important facts which emerge.



1. The job will have to be tackled with the same sense of urgency as war production was tackled. Central control coupled with local initiative will have to operate throughout. The confusion that exists as between different Government Departments will have to be eliminated.

2. Finance for housing must be more cheaply allocated in accordance with a national plan, interlocked with the requirements of Local Authorities and the people who are going to live in the houses. The same technique of cheap money must be applied as was applied during the war. Loans at low rates of interest coupled with adequate subsidies must be provided for local authorities, so that they can act as the main agents for rehousing the people.

3. The question of land ownership and compensation must be decisively dealt with.

4. The Central Control will have to see to it that resources are not wasted through operation of restrictive rings or industrial monopolies. The wartime technique of costing must go right through the provisions of building materials, and supplies must be allocated according to plan.

5. Building contractors will have to be grouped so that all parts of the industry are fairly engaged in the vast work, and must be subject to thorough inspection at all levels. The system of "lowest tender" and "cost plus" contracts must be abolished in favour of schedule contracts.

6. If Building Societies are to continue their operations they must be prevented from charging the high interest rates of the past ; the speculative builder must only do such building as is allowed by the local authority under its plan and must submit to inspection of the houses it provides. Powerful and rich business interests (cinemas, multiple stores, factories etc.) must not be allowed to distort the plan by individual "pulls."

7. New methods and materials which war experience has revealed peeping round the corner of achievement, will need to be utilized to the full. Internal fitments must be provided in line with the high engineering technique achievable in this country, and at the low price which standardisation and mass production makes possible.

8. The labour force will need to be built up by operating and expanding the measures proposed by the Government. The fundamental factor in carrying through this programme will be co-operation between the people who need the houses and the workers—whether on the site or in the factories—who build them. Not only new methods of training are called for and the calling in of the workers' organisations at all levels of operation. Guarantees of full employment and of employment at a high level of wages and conditions are essential.

Only in this way will the nation's resources be harnessed to the needs of the people, and the powerful obstructions swept on one side.

# APPENDICES

## APPENDIX A.

### Trade Associations in Building Material connected with the F.B.I.

Brass Wire Association  
British China Clay Producers' Federation Ltd.  
British Electrical and Allied Mfrs. Association (Incorporated).  
British Electrical Federation, Ltd.  
British Metal Window Manufacturers' Association, Ltd.  
Cement Makers' Federation.  
Electrical Lamp Mfrs.' Association.  
Glass Manufacturers' Federation.  
Gypsum Association.  
National Federation of Clay Industries,  
    Affiliated Associations :  
        Birmingham Brick Masters' Association.  
        British Sanitary Fireclay Association.  
        Enamel Association.  
        Leicestershire Brick Manufacturers' Association.  
        Midland Brick Association.  
        National Association of Roofing Tile Manufacturers.  
        National Pipe Federation.  
        North Warwickshire Brick Association.  
        Northern Brick Federation.  
        Nottingham and District Brick Manufacturers' Association.  
        Potters' Association.  
        Scottish Employers' Council for Clay Industries.  
        Sheffield Ganister Association.  
        Silica Brickmakers Association.  
        South Eastern Federation of the Building and Engineering Brick Trade of England and Wales.  
        South Western Brick and Tile Federation.  
        Stock Brick Manufacturers' Association.  
        Stoke-on-Trent Brick Makers Association.  
        Woodville & District Firebrick Manufacturers' Association.  
National Gas Council of Great Britain and Ireland.  
White Lead and Lead Oxide Convention.

(1936-37 reference).

## APPENDIX B.

### Notes on Building Material Producers

The cartelization of building materials is well advanced. Above is a list of the Trade Associations connected with the Federation of British Industries in 1936-37. P.E.P. reports that there are 155 national or regional associations on the files of the Building Centre—mostly of building material producers. We must also note the tendency towards the building up of big capitalist units operating inside the cartels. Moreover, the internal equipment firms have undergone a process of centralisation. It must be noted too that the firms engaged in “new” techniques of house building are even more subject to centralised control—and on a higher level of the capitalist structure, nearer the “big boys”—than the providers of traditional materials are.

#### (1) Bricks

The brick capacity of this country is in the neighbourhood of 7,000 mn bricks per year. One third of this is

flettons ; and flettons are largely controlled by the *London Brick Co.* The local producers also have trade associations e.g. *N. W. Brick Makers' Association* and other regional brick makers' associations, which have a joint purchasing subsidiary, *Brick Supplies Ltd.* (P.E.P. "Trade Associations").

## (2) Cement

The dominant firm is the *Associated Portland Manufacturing Co. Ltd.* ; formed in 1900, it acquired a number of businesses, which it added to as rivals were acquired.

The two combines *London Brick* and *Associated Portland* are connected, in that they have a common chairman, Sir Malcolm Stewart. Sir Malcolm is a vice-president of the F.B.I. and president of the *Cement Makers' Federation*. He is also interested in *Trinidad Central Oilfields Ltd.* The other directors of *London Brick* (there are two Stewarts among them) are concerned almost entirely with that firm but the other directors of the cement firm include : Lt. Col. Sir Francis H. Humphrys who is also chairman and government director of *British Sugar Corp. Ltd.*, chairman of *Iraq Petroleum Co. Ltd.*, deputy chairman of *Clerical Medical and General Life Assurance*, and a director of *Carreras Ltd.* and *Meux's Brewery Co.* ; Sir Arthur H. Marshall, who is on *Beechams Pills Ltd.* and certain of the subsidiaries (*Veno*, *Yeast-Vite*) and is also on several investment and property companies, several provincial chain stores, a couple of brick companies, the *Aston Construction Co. Ltd.*, *Constructional Engineers*, of which he is chairman. He is also a director of the *Bradford and District Newspaper Co. Ltd.* which is in the periphery of the *Cowdray-Rosebery-Rowntree* combine, *Westminster Press Provincial Newspapers Ltd.*

There are, finally, (we are leaving out directors with no outside interests) three M.P.s, E. A. Radford F.C.A., who is also concerned in petrol, estate, engineering and insurance companies : Sir Geoffrey Shakespeare, (also on *Tarmac Ltd.*) ; Maj. Gen. Sir Edward Spears, who is also chairman of *British Bata Shoe Co. Ltd.*, of *Commercial Metal Co. Ltd.*, and director of the *Carlton*, *Ritz*, *Ashanti Goldfields*, *Bibiani* (1927), *Cumberland News*, *Greaseproof Paper Mills* ; and a Director of *Blackwell Colliery Co.*

## (3) Timber

There are a number of timber merchants' associations and a certain number of leading firms, such as *Denny Mott & Dickson Ltd.* The chairman of this company is Lord Kennet of the Dene, known to an earlier generation of politicians as an active sitter-on-committees for the government. He is now chairman of the Treasury Capital Issues Committee and Banks and

Insurance Committee. He is also director of 10 companies, including the *Southern Railway*, *Imperial Bank of Iran*, investment and insurance companies, and chairman of the *Regis Property Co. Ltd.*, and *Western Ground Rents Ltd.* (the Bute Cardiff Company, see "Land and Landowners.") Sir Leslie Burnett, a chartered surveyor, a Trustee of the Crystal Palace and a director of the *British Land Co. Ltd.* ("purchase and development of building estates"); J.P. Powell, also on *Federated Merchant Freighters' Association*; D. F. Sutherland, a chartered accountant, also on *Handley Page*; E. P. Tetsall, on *Eagle Star Insurance*, a building society, and a number of other companies, are also directors.

The *Federated Home Timber Association* has more than doubled its membership since 1939 (P.E.P. op. cit.).

#### (4) Asbestos

*Turner & Newall Ltd.* is a large combine which will play a big part in post-war reconstruction; it will be noted that it manufactures asbestos cement, a vital constituent of the permanent type of prefabricated house (steel frame, clip-on asbestos cement boards). The company's interests cover a wide range—it obtains its asbestos fibre from Africa and Canada, where it owns mines, some of them registered overseas. Of particular interest is the:

Asbestos-cement group: *Turner's Asbestos Cement Co. Ltd.*, Trafford Park, and six other factories. This group manufactures a large range of products, e.g.

All kinds of Asbestos-cement Building Materials, including Trafford Tiles, Corrugated Sheets, Combined Sheets, Reinforced Asbestos-cement Roofing Slates, Rooflights, Ventilators, Ridges, Barge Boards, etc. etc.; Asbestos-cement Pressure Pipes, Asbestos-cement Soil and Flue Pipes, etc. etc.; Asbestos-cement Rainwater Goods; Asbestos Wallboard, Asbestos Insulating Board, Asbestos Wood, Asbestos Felt, Asbestos Reinforced Laminated Foil; Asbestos-cement Cable Conduits; Asbestos Electrical Insulating Board and Mouldings; Asbestos Paper, Paper Tape and Paper Tubes; Asbestos Board and Asbestos Millboard; Asbestos-cement Decorated Products; Sundry other Asbestos-cement Products and Metal Accessories for all Products. (Advertisement in Stock Exchange Year Book, 1944, opposite p. 1749.)

Mr. Plummer says:

In addition to this more closely knit portion of its organisation, *Turner & Newall* has formed a cartel, which includes asbestos manufacturers in at least 10 European countries. Among its objects are the exchange of technical knowledge, the foundation of a Central Institute of Research in Switzerland, the establishment of new factories in various countries and the better organisation of export business.\*

The capital is £6,777,672, consisting of £1,444,269 in 7% Preference shares, and £5,333,403 in Ordinary shares. In 1943 the surplus and reserves totalled £3,935,033. The dividend has ranged from 20½% to 12½% in recent years.

"Only the tax burden has prevented new records in net profit from being established during the war period" (*Financial News*, 18.12.44). But: "The dividend is completely covered by profits after taking

\* (Plummer, *International Combines in Modern Industry*, p. 271.).



into account the "cushion" provided by taxation. At the same time a big demand for peace time requirements is building up." (*Stock Exchange Gazette*, 16.12.44.)

### (5) Electrical Equipment

This is controlled by several associations. *The British Electrical and Allied Manufacturers' Association*, according to the Director Mr. V. Watlington, is by its constitution :

debarred from undertaking anything in the nature of compulsory price control. Nevertheless, it will be easily understood that with so many firms having similar interests, and coming into association through B.E.A.M.A., mutual arrangements between members might be entered into by which competition could be tempered by co-operation, the disastrous pricecutting which was stagnating the industry in the pre-war years could be eliminated and workable methods evolved by which reasonable prices should be charged for the more standardised classes of manufacture. (*The Electrical Review*, 27.1.39.)

A writer in the *Financial Times* stated bluntly that B.E.A.M.A. "cannot undertake compulsory price control, but it gives active support to members to form groups for this purpose." (2.5.39.)

There is also the *Electric Lamp Association*. The production of electric lamps is controlled by an international cartel. This was described as follows by the Balfour Committee :

A feature in this case is the existence of arrangements for the exchange of patents and of experience. Agreements with regard to this have been in existence for some time between the Osram Company (the principal German manufacturing company), Philips, (the principal Dutch company), and some other considerable lamp factories. Early in 1925 a Convention is said to have been signed by the leading lamp manufacturers throughout the world with regard to exchange of information about manufacturing methods and acquisition of patents, and a company—the Phoebus Company—was formed at Geneva to act as the administrative department of all interests concerned. No arrangement is said to have been made in this Convention for fixing prices or other methods of business. Some years before, an arrangement was made between British and American manufacturers whereby the British market was made free from American competition, while the British firms undertook not to export to the United States, Mexico or Japan. An agreement for delimiting markets and fixing prices is said to have been made in 1926 between British, Dutch and German interests. The conclusion of such international arrangements is undoubtedly facilitated by the close financial inter-relation of the principal undertakings. Thus the General Electric Company of America control the British Thomson Houston Company, the largest of three dominant firms in the British industry. They are also closely connected with the Dutch firm of Philips, who in turn are connected with the Osram Company and with the Swiss factories.

The cartel and the *Phoebus Company* are described more fully in Plummer's *International Combines in Modern Industry* (1938).

Some of the details of how the American end works are given in the official U.S. document *Economic and Political Aspects of International Cartels* (Washington 1944). This describes how prices are kept up and quality reduced.

The high prices obtained upon electric lamp bulbs in the United States by virtue of the inter-related restrictions of the American patent monopoly and the international lamp cartel are evident in the fact that,

according to computations by the Department of Justice from figures supplied by the General Electric Co., from 1935 through 1939 General Electric's net profit on incandescent lamps varied from 64 to 88 per cent of total costs and expenses in lamp manufacture and from 33 to 47 per cent of the net worth of the company's lamp-producing investment.

The cartel arrangements concerning electric lamps illustrate the impunity with which quality may be degraded. Under international cartel agreements the American market has been reserved for the American manufacturing companies, General Electric and Westinghouse, and markets in other parts of the world have been allocated. Protected from foreign competition, American manufacturers have attempted to increase their business by reducing the durability of their light bulbs. They were able to find an excuse for their action in the fact that the efficiency of a light bulb is in inverse ratio to its length of life; but they were careful not to inform consumers of the decision to sacrifice durability, nor to allow an opportunity for the buyer to choose between more efficient and more durable bulbs.

In 1939 a General Electric official wrote to an official of Tung-Sol Lamp Works:

'In conformity with our practice of notifying you of impending changes in our lamp product, we are calling to your attention a change which has been approved:

1. The design life of the 2330 Lamp has been changed from 300 back to 200 hours, the change to take effect as soon as manufacturing facilities will permit. It is understood that no publicity or other announcement will be made of the change.'

To prevent competition in quality, General Electric licensees were induced to make their own lamps conform to General Electric Mazda lamps in endurance and lighting efficiency and to avoid comparative tests of quality.

The concern to avoid longer-lived lamps appeared clearly among members of the international cartel in considering the prospects for fluorescent lighting, a field in which they were still exposed to possibilities of competition. Anton Philips of the Dutch N.V. Philips company wrote to Gerard Swope of General Electric in 1938 that "it might turn out that this new invention is, financially, not an attractive prospect for both our companies." He continued—

'We have already a lot of those tubes which are burning 3000 to 4000 hours with a drop of economy of about 30 per cent. So it might be that we all are going to replace a part of ordinary 1000-hour lamps in tubes which will burn at this moment three to four thousand hours with a drop of 30 per cent. in economy, but which might grow to six or eight thousand hours; now, of course, we could try to make the tubes of a quality which is not so extremely good, but we all know that when there is coming competition (patents not being very strong) and our competitors bring a lamp on the market with an extremely high life, we have to follow them.'

By arrangement with electric utility companies, General Electric has refused to sell freely certain types of lamps which reduce the consumption of electric current, and in return has received the aid of these companies in promoting the sale of General Electric lamps. As a part of the alliance between General Electric and the utility companies, in the development of fluorescent lighting for indoor use an effort has been made to prevent the substitution of fluorescent lamps for conventional lamps unless the use of light is sufficiently increased to avoid a drop in wattage. A fluorescent lighting display by General Electric at the New York World Fair of 1940 was altered because of utility protests that it showed the superiority of a fluorescent installation for households. Two letters from officials of the General Electric Co. summarize the point of view.

The first, dated October 28, 1938, and addressed by one executive to five others, says :

'I am very, very much disturbed over the utility reactions which I am sure we are going to have as soon as we announce the longer, larger, and higher wattage fluorescent lamps. With these lamps, it's going to be possible to produce the same or increased footcandles at a very practical installation cost and with a very decided drop in wattage . . . .'  
(*Economic and Political Aspects of International Cartels*, Washington 1944, pp. 14-18.)

Further this same official document gives details of how the Philips organisation made arrangements to keep its international organisation in being during the war. The allied firms were placed under trusts in Britain (Midland Bank)\* and U.S.A. and this part of the firm operated from Curacao while the companies in Axis-controlled territory are organised from Eindhoven (in Holland).

Meanwhile presumably, Phoebus, situated in neutral Switzerland ("in order to ensure as far as possible independence of the divergent laws of the various countries"), keeps a eye on the whole of this international lamp trade. At least so we presume—electric lamps (suitably de-wattaged) do not shine everywhere. Possibly a government investigation might, as we say in a phrase coined earlier than the cartel, throw some light on the matter.

The firms which predominate in providing electrical equipment are very powerful.

*Associated Electrical Industries Ltd.*, owns *British Thomson-Houston* (mentioned above), *Edison Swan*, *Ferguson Pailin*, *Metropolitan Vickers*, *Switchgear Testing Co.*, *Cosmos*, *Hotpoint*, *Harcourts* and other companies. It produces, of course, heavy electrical engineering equipment as well as domestic appliances—lighting fittings, electric lamps, vacuum cleaners, cookers, washing machines, fires etc. etc.

The chairman is Sir Felix Pole, who was chairman also of the "Private Enterprise Housing" Committee, whose report we discuss in the body of the pamphlet. Pole came from the G.W.R. and now, apart from subsidiaries of A.E.I., he is on *Westland Aircraft* (which now has a subsidiary engaged in making domestic and office equipment), *Tilbury Contracting & Dredging Co. Ltd.* (see below), *Airports Ltd.*—and is chairman of the *Reading Standard*. Associated with him; if we may coin a phrase, is H. N. Sporborg of the *Lancashire Electric Light & Power Co.*—a Balfour Beatty Power Securities-Electric Supply holding company—see "Electricity Public v. Private," L.R.D. (Lusk is dead and Sporborg in his shoes, or some of them): also Lord Bicester of *Morgan Grenfell*, the merchant bankers, *Royal Exchange Assurance*, and *Yule, Catto & Co.* (the firm of the Catto who is a governor of the Bank of England); also Sir John Chancellor (chairman of *Tilbury Contracting and Dredging Co.* and of *Imperial Gas*, which has such a large holding

\* Trustee for Philips Lamps Ltd., Mullard Radio Valve, Mullard Wireless Service, Philip Blackburn Ltd., Stella Lamps Ltd., Radio Trans. Equip. Ltd., Mitcham Radio Works Ltd. The directors of Philips Incandescent Lamps appear to be Dutch, and include Dr. J. W. Beyen who is also a director of and economic adviser to the Unilever combine. Apart from the Midland Bank trusteeship, the financial agents in Britain of Philips' Incandescent Lamp Works Holding Co. are Higginsons and Royal Exchange Assurance.

in *Edmundsons*); C. L. Dalziel (also *Royal Exchange Assurance*, *Union-Castle Mail Steamship*, *Carpet Trades Ltd.*, *Metropolitan Trust Co.*, Barclays Bank subsidiary etc.); N. B. Dickson (*International Light & Power Co.* and numbers of overseas companies); also Sir Louis Greig (*Eagle Star Insurance*, *Dorchester Hotel Ltd.*); C. E. Lloyd, M.P. (of *City of London Electric Lighting Co.*, *G.W.R.*, *Pressed Steel*, *Lloyds Bank*); C. H. Minor—President of *International General Electric Co. Inc.*; O. H. Smith, who is chairman of the big transport combine, *Proprietors of Hays Wharf Ltd.*; and the Earl of Verulam, who is also chairman of *Enfield Cable Works*, *Enfield Rolling Mills*, *Sternol* (oil lubricants) and *Inbucon Ltd.*—which is the new name for the Bedaux company.

*English Electric* has a large connection, especially with overseas—Poland (with the Prudential), Sudan, Egypt, Canada etc.; it owns *Siemens* and *D. Napiers*. The chairman is Sir George Nelson, Sir Edward J. F. Crowe, who connects with *W. T. Henleys Telegraph Works* and *Samuel Courtauld*; Wade Hayes, who connects with the vast *Edmundson's* constellation of power supply companies; P. Horsfall who is from the banking firm of *Lazard Bros.*; Sir Gerald Talbot who is also on *John Brown & Co.*, *L.N.E.R.* and *Whitehall Electric Investments*, which is connected with the Pearson banking and petrol interests.

*General Electric* is another large-scale firm producing all aspects of electrical equipment. It has twelve factories in Britain and interests all over the world. It owns the *Osram Lamp Works Ltd.* and has close union with *Pirelli*. The directors are connected with a number of distribution concerns etc.; they have among their number the Lord Chamberlain, the Earl of Clarendon, head of the Hyde Villiers family; Sir Patrick Cooper of the *Bank of England*, *L.P.T.B.*, governor of the *Hudson's Bay Co.*; J. Y. Fletcher who is chairman of *Claude-Neon Lights Ltd.*, *Pope's Electric Lamp Co.*, *Westlake Bulk Machine Syndicate* etc.; Viscount Margesson who is also on *Tunnel Portland Cement Co. Ltd.* and *Associated Paper Mills Ltd.*—he was Government Whip 1931-1940, Secretary of State for War 1940-1942; M. Solomon of *United Lamp Black Works Ltd.*; and a Frank Winstanley who is on tube companies.

## (6) Paint

Apart from the I.C.I. there are several leading companies: *Pinchin Johnson & Co. Ltd.* has extensive plants in Britain and in U.S.A., Australasia, India, South America etc.; a percentage of the shares are held in U.S.A. The chairman is Edward Robson, who has no other interests; the accountant B. H. Binder is found on eighteen other companies; N. H. Docker, of the *B.S.A.*, *International Combustion Ltd.* etc.

*Lewis Berger & Sons Ltd.* has as chairman Viscount Greenwood of Black & Tan fame; brother in law to Amery and chairman of *Dorman Long* (see also our catering pamphlet). It has on its board a Lilley of *Lilley & Skinner Ltd.*; the company manufactures in Australia, Eire, Paris, South Africa etc., as well as in Britain.



*International Paint & Compositions Co. Ltd.* lives up to its name, or rather the chairman does : he is on paint companies in U.S.A., Spain, Italy, Canada, Sweden as well as on related English companies ; Sir William Gick is also on *Scammell Lorries*.

*Titanine Ltd.*, manufacturers of aircraft dope paints, lacquers etc., licenses *International Paint (Canada) Ltd.* for certain lines ; this company is a subsidiary of *International Paint and Compositions Co.* Among Titanines directors are Sir Alfred Beit, M.P.

*British Anti-Fouling Composition & Paint Co.* has directoral connections with *British Paints Ltd.* and *Federal Composition & Paint Co. Inc.* (New York). *British Paints* is a £422,810 private company, subsidiary to British Paints (Holdings) Ltd. Has a number of subsidiaries. *British Anti-Fouling* is a private company. The chairman is W. C. Warwick who is M/D of *Houlder Bros. & Co.* ; is on *Royal Mail Lines* ; *Furness Withy* ; *R. & H. Green & Silley Weir Ltd.* etc. (38 altogether).

## (7) Steel Tube

Any proposal for what is commonly called the prefabricated house (steel framed) involves bigger combines still. Thus the steel tube industry is dominated by *Stewarts and Lloyds*, one of the key firms of the iron and steel ring, whose chairman defends cartelization eagerly.

The advantages gained by the rationalisation of a section of Britain's steel tube industry in connection with the establishment of a world-wide cartel at the beginning of 1929 were discussed by him in an article in the *Sunday Times* (15.8.44).

Imports were at once reduced by 50 per cent., home production being raised proportionally, while exports were increased to cover 33 per cent. of the total world demand for exports of this class of tube, said Mr. Macdiarmid.

A co-operative scheme on a long-term basis devised among British manufacturers made possible the erection of the most up-to-date tube works in the world, together with a steel works which provided all the raw material needed, thus obviating the necessity for imports. Prices in the home market were fixed on a basis nearly equal to those of 1913, despite higher costs, including wages. Other results were the strengthening of the industry's finances and the making available to the industry of all technical developments by competitors abroad. Mr. Macdiarmid also revealed that when in 1935 Germany broke the cartel and flooded the world's markets with tubes at prices out of all proportion to her production costs—an action intended to smash the British tube industry's war potential—the industry was able, in the two years of 'insensate competition' which followed, to increase its exports. Eventually, towards the end of 1936, Germany approached Britain for the granting of an armistice.

'I am entirely in agreement with Lord McGowan that cartels are an essential part of the post-war international set-up, but that they should be subject to the approval of the Board of Trade,' said Mr. Macdiarmid.

Macdiarmid is a chartered accountant who joined the firm in 1909 and (like several of his profession) has latterly risen to the top. Lancashire Steel Corporation is associated with *Stewarts and Lloyds* in Corby. Macdiarmid was on the F.B.I. commission to

Germany with a man from I.C.I., Unilevers and British Iron and Steel Federation, in the months before the war. (see *Labour Research*, July 1939).

### (8) Glass

The dominating firm in glass is of course, *Pilkington*—but this is a private firm publishing neither costs, profits, prices nor anything except advertisements. It is associated with *Triplex* in a continental company and owns *St. Helens Colliery*. *Pilkington*, M.P. belongs to the company.

### (9) Cast-Iron Fittings

*Allied Ironfounders Ltd.* was formed in 1929 to amalgamate a number of firms engaged in producing cast iron goods mainly for the building trades and now owns eighteen firms—*Aga Heat Ltd.*, *Falkirk Iron Co. Ltd.*, *Sinclair Iron Co. Ltd.*, *The James Clay (Wellington) Ltd.*, *British Bath Co. Ltd.* etc. The issued capital is £2,669,013 and the total dividend paid in the six years from 1934-9 was 51 $\frac{1}{4}$ %, apart from 7% on preference shares. *Radiation Ltd.* was registered ten years earlier and owns a number of gas appliance manufacturing firms and works at Birmingham, Warrington, Luton and Leeds. It paid a steady annual dividend of 12 $\frac{1}{2}$ % before the war on its capital of £3,350,084.

### (10) Window Frames

The *Crittall Manufacturing Co. Ltd.*, again, dominates the standardised metal window trade; the company owns firms in the Empire and collaborates with Henry Hope and Sons. The share capital is £1,562,500 and debentures £813,515, secured to the Prudential. After a bad patch, dividends picked up to 20% in 1936, 25% for the next years, 15% for 1939.

### (11) Aluminium

Production before the war was controlled by the Alliance Aluminium Compagnie, a cartel formed in 1931, of which all the big producers except the American monopoly, Alcoa, were members, and which fixed prices and output quotas. There was a curious coincidence between the policy of Alcoa and the policy of the cartel, Alcoa cutting its output in 1932 in just the same proportion as the cartel, and no member of the cartel attempting to sell in the U.S. market. The U.S. Government launched a suit against Alcoa, charging it with being an undercover member of the cartel through Aluminium Ltd., a Canadian company created by it and controlled by the same three families who control Alcoa. Prices were kept up (in spite of boasted economies the U.S. price was nearly 1 cent per lb. higher in 1939 than in 1911) and output down—except in Germany. In 1934 the German producers announced that they intended to take no notice in future of output restrictions. The

cartel agreed to this on condition that the Germans did not increase their exports, and thus :

the cartel continued its price protection in non-German markets by cheerful acquiescence in a policy which assured to Germany a superiority in aluminium supply.\*

During the war there has been an enormous increase in world production and a drop in prices in the U.S. and Canada. World production has increased from 573,000 tons in 1938 to 2,500,000 tons in 1943, or by more than 4 times. The price in the U.S. has fallen from £100.4 per ton to about £84 at the present exchange rate, partly because of the expansion of production and technical advance, but partly certainly because the U.S. Government has weakened Alcoa's monopoly by itself financing 9 competing plants. Further reductions in price are possible ; it has been stated that Canadian producers could sell in this country at £56.

The recent reduction in the price paid to British producers from £110 to £85 a ton was made after a Government investigation. It seems desirable that the Government should publish the results of its enquiry into the costs of producing aluminium in this country.

## Merchants

The *merchants'* interests have made many efforts to combine. The main interest, of course, apart from maintaining price schedules, is to keep the trade in their hands ; so that the merchant channel does not run dry. The economic interest of a "national scale" contractor and of a powerful material-supplies ring to cut out the entrepreneur is of course clear. Margins are cut and delivery speeded up. The effort of the builders' merchants is told in a long range of such would-be rings stretching back for many years ; one we found registered in 1909 stated among their objects the maintenance of the merchants in the chain of sale. To-day we have the Building Industry Distributors ; they issue for the Distributors of Builders' Supplies Joint Council a National List of Approved Prices ; this is issued by a

Committee of the Constituent Association with the Approval of the Central Price Regulation Committee The British Federation of Plumbers' Merchants' Association, Building Industry Distributors incorporating Association of London Sanitary Specialists, Builders Merchant Alliance, Builders and Plumbers Merchants' Association, National Federation of Builders Merchants, National Federation of Ironmongers (Wholesale Section), Scottish Metal and Plumbers Merchants' Federation.

\*Report of U.S. Senate on Economic and Political Aspects of International Cartels, 1944, pp. 60-1.

## APPENDIX C.

### Note on Building Contractors

There is a difference between the companies due to their historic growth. The older companies which built the big squares in the inner perimeter of London, for instance, or who built bridges and towns in the Empire are more self-sufficient than the newly arisen contractors who built the suburban rash with help from the building societies and insurance companies.

An examination shows that there has been a distinction between the newer companies according to the soundness of their methods. In one sense it has depended on whether they gambled fortunately ; often a comparatively few houses unsold on a job would wreck their profit.

The main operative distinction is between those firms which broadly carry on the traditional way and those which are equipped technically to handle big jobs, the mechanised concerns with specialised managers who can handle a whole "job." We may quote *MacAlpine's* as an example :

In order to maintain as high a ratio of profit as possible, and to make up for lack of labour we have had to devote much attention to mechanisation and the company is now probably at the highest mechanised state in its history.

However, even in these cases capital is low and the amount of mechanisation small compared with other industries handling contracts of the size of the post-war building programme.

The net effect of a series of profitable decades has been that, on the whole, the industry has kept clear of the leading banking and financial institutions of the country, apart from a few cases, e.g. *Bovis* or *Dowsett-Mackay* or *Tarran*. On the whole the industry has not been rationalised or monopolised, and, apart from war-jobs financing, firms are still family or personal concerns. The figures published by Census officials for 1935 show that the degree of concentration for building and contracting firms was low—4% roughly except for shop and office fitting (25%). In other cases, e.g. *Boots*, they are connected with estates and development after the estate has been erected.

*Ideal Building and Land Development*, a million-pound company is one showing signs of a change. It controls not only *Kent and Sussex Contractors* and other contracting firms but also property firms e.g. *Master Craft Homestead* (sic) a haulage machinery and electrical company. The chairman is a local director of *Eagle Star* and, with another director, on *Freehold Leasehold and Property Co. Ltd.*, and other property companies ; other directors are connected with *Gamages*, the *B.E.T.* combine, *Grand Union Canal*, and various foreign investment and railway companies.

*Tilbury Contracting and Dredging Co. Ltd.* (£400,000) (with a foreign subsidiary and *East Anglian Roadstone and Transport Co. Ltd.*), has important directoral connections, viz. Lord Southborough (solicitor and quasi-official) who is also on *Limmer & Trinidad Lake Asphalt* and *Westinghouse Brake*, Lord Herbert Scott (a Buccleuch, *Rolls Royce*, *Westinghouse*, *Sun Insurance*, Association of British Chambers of Commerce), Lord Mottistone (Seeley) and Sir John Chancellor of *Associated Electrical Industries*, etc.

*Bovis Ltd.* (£317,500) which owns *Nox Ltd.*, *Compactom*, *Audley Properties*, *Yeomans and Partners Products*, has the 9th Earl of Albemarle, who has had experience as A.D.C. in India, Canada, etc.



and has relations in H.M. Household. Sir Samuel Joseph (Gluckstein) who has just died was an underwriting member of *Lloyds*, on an insurance company and *Ohms Ltd.* the engineers. Two *Glyns*, (Gluckstein) are on the Building Centre. The share list is dominated by *Branch Nominees Ltd.*, with 163,982, and *Control Nominees, Ltd.* with 1,133,124, out of 3,500,000 issued 1/- ordinary shares, though members of the families of Argentis, Agelastos and Eugendidie have also got holdings. There is a bank overdraft of £330,993—the bankers are Westminster.

*Dowsett Mackay*, a new group which has estate and machinery companies etc., as subsidiaries and is directly connected with *Dawnay Day*, is financed (via a series of steps) by *National Provincial Bank*.

*Mowlems* is mostly the families of Burts and Becks but the Prudential and Glyn Mills poke their heads into the share lists.

*Tarran Industries Ltd.* has recently undergone directoral changes, it is understood at the wish of Hambros Bank which had a large advance to them—Hambros is an industrial bank. Apart from a Hambros director, A. P. Good was appointed a director. Miss Elizabeth Denby the eminent housing expert has also joined the board.

*Wimpeys* is largely owned by members of the family of Mitchell; large holdings are held by nominee companies, (there is a directoral connection with *Twistee Reinforcement Ltd.*) one of its directors has served on the Steel Control since 1941. It has subsidiary estates. *Holland Hannen & Cubitt* is a family concern, though the chairman is "society," a relation of Albemarle; he is on *London Assurance*. There is a link with the *Trussed Concrete Co.*: steel, the tin combine, and estate companies.

The following are predominantly family concerns: *Laings* (with employees shares); *Truett and Steel*; *Gee Walker & Slater* (with a hefty advance from the Midland, £613,521 against capital of £300,000); *Higgs & Hill* (with the Plumbing Guild, Plastering Ltd. Western Stone) *Sir Lindsay Parkinson*, though they have also as director A. N. Braithwaite, M.P., and *Sir Robert Mac Alpine*.

*Taylor Woodrow* is also mainly family but it has close connections with the Tobacco ring, and Glyn, M.P. is a director. *Scaffolding Ltd.* is a subsidiary of a number of contractors. *Jack Olding Ltd.* supplier of equipment has a directoral financial link with *Erlangers*, the merchant bankers.

## Profits

The profits of the building contractors are for the most part an unknown item in national accounting. The firms are private and the profits therefore not published. Certain tell-tale figures emerge. The firm of *George Wimpey & Co. Ltd.* is an outstanding case. It

has since 1911 paid a 10% capitalised bonus and only £42,000 shares for cash. The company nevertheless has paid a steady 20% per annum for many years past. The trading profit for the year 1943 was £251,000—more than half the capital.

*John Mowlem* has paid 12½% steadily for many years past ; *Inns* has stepped up its dividend to 15% for the last two years. *Ideal Building and Land Development* which had paid 15% in 1933 but only 10% in 1934 and 5% in 1935 to 1937 and then nil for three years has since 1941 paid 4, 20 and 20 per cent. *Bovis* pays a regular 10.4%. *Henry Boot* which paid 10% each year up to 1939 has paid nil since ; it is conserving its resources. *Humphreys* has paid 10% in each of the war years.

May, 1945.

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